
Final Exam

You have until 10:30am to complete the exam, be certain to use your time wisely. Answer all questions directly on the exam. You may use printouts of the required readings. No other materials may be used during the exam. Answer questions completely but concisely. Including additional incorrect information in an otherwise correct answer may result in a loss of points. Remember to put your name on the exam. Good luck!

Name:

1. (20 points) There is currently a large push to control and eradicate malaria in African nations. Consider Bleakley's work on hookworm eradication in the American South. What does the experience of the American South suggest the impacts of malaria eradication in Africa would be on African economic growth? Are there reasons to believe that eradication of malaria in Africa would have very different economic consequences than hookworm eradication in the American South had?

2. (20 points) Suppose that we are comparing productivity in two different countries, country *A* and country *B*. Countries *A* and *B* both use similar amounts of labor per unit of output. Country *A* uses much more capital per unit of output than country *B* does.
- (a) Could the different input choices of country *A* and country *B* be driven solely by differences in the price of capital relative to labor across the countries? Be certain to fully explain your answer.
 - (b) Which country would likely receive more foreign investment? Briefly explain your answer.
 - (c) Given your answers to parts (a) and (b), would you expect income per capita in these two countries to be converging over time or diverging over time? Be certain to fully explain your answer.

3. (20 points) Consider Clark's social evolution explanation of the Industrial Revolution. The basic argument is that higher fertility rates among the wealthy led to the diffusion of economic growth-promoting characteristics throughout the entire populations.
- (a) How does Clark's social evolution explanation of the Industrial Revolution depend on England being stuck in a Malthusian trap?
 - (b) Explain two traits or characteristics that might lead to economic growth as they diffuse throughout the entire population.
 - (c) Clark's evidence for elites in England is based on wealthy individuals. His evidence for Asia is based largely on royalty in China or the samurai class in Japan. Why might the focus on royalty and the samurai in Asia rather than all wealthy individuals be problematic for Clark's analysis?

4. (10 points) Describe a type of informal institutions that would promote economic growth and discuss how economists could empirically measure the strength of those institutions.

5. (10 points) Describe a type of informal institutions that would hinder economic growth and discuss how economists could empirically measure the strength of those institutions.

6. (20 points) Goldin and Katz's work on capital-skill complementarities helps offer insights into the spread and compression of the wage distribution over time.
- (a) Describe an actual technological change that was *skill-biased*. In other words, describe a change in technology that led to greater demand for skilled workers.
 - (b) Explain whether the technological change you described in part (a) would tend to decrease or increase wage inequality within a country.
 - (c) Do you think that the technological change you described in part (a) would tend to decrease or increase intergenerational income mobility? Be certain to fully explain your answer.