

Section #5

Outline

1. Group Exercise: Mid-term Review
2. Practice Questions
 - (a) Using Economic Models and Concepts to Explain Historical Events [7 minutes]
 - i. Midterm #1, Spring 2013: Part II, (1) & (3)
 - (b) Table Identification
 - i. Midterm #2, Fall 2006: Part II, (3) [4 minutes]
 - (c) Paired Identification [7 minutes]
 - i. Midterm #1, Spring 2013: Part III, (2) & (3)
 - ii. Midterm #2, Spring 2013: Part III, (2)
 - (d) Short Essay Question [18 minutes]
 - i. Midterm #1, Spring 2013: Part V, (1)
 - (e) Map Identification

1 Group Exercise: Mid-term Review

In your groups focus on the topic you've been assigned. Brainstorm in your group all of the relevant historical episodes, economic concepts, articles, arguments, and assumptions associated with that topic. Use the organizing chart provided in the handout to help record your results. Once you've completed your chart have your reporter write your answers on the board and then we'll take them up as a class.

2 Practice Questions

Midterm #1, Spring 2013: Part II, (1) (12 points) Use a model of labor markets and relevant historical facts to explain why the skill premium in the United States increased between 1830 and 1860. Draw graph(s) in your answer.

Midterm #1, Spring 2013: Part II, (3) (12 points) Use the equation for the price of a slave,

$$P_{\text{slave}} = \sum_{t=0}^{30} \frac{P_c \times MP_{\text{slave}} - \text{Maintenance}}{(1+r)^t}$$

to explain how Conrad and Meyer concluded that the purchase of a slave was profitable.

Midterm #2, Fall 2006: Part II, (3) (12 Points) Explain how the regression results relate to the concept of asymmetric information.

Determinants of 1920s Bank Failure in Kansas (standard errors in parentheses)	
<i>Results for counties with ≥ 5 banks</i>	
%Δ value per acre of farmland & buildings	-0.41 (0.15)
% Δ total farm acreage	0.15 (0.29)
% of state banks with deposit insurance	0.11 (0.06)
% Δ county's population, 1920-1930	0.00 (0.11)
# banks per person	0.22 (0.47)
% of banks that were national banks	0.40 (0.19)
Dependent variable: banks that failed or chose to liquidate. <i>Source:</i> Wheelock, Tables 1 and 2.	

Midterm #1, Spring 2013: Part III, (2) & (3) First, in your mind, figure out the economic concept that connects the two terms. Then, on your exam, define or identify or describe each term in the pair (6 points), providing enough detail to support the connection between the terms. Then, finally, discuss the connection between the two terms (4 points). Each answer is worth 10 points total. You should spend about 7 minutes on each question.

- a.
 - i) Use of young women as factory workers in early industrial New England, and
 - ii) Changes in household production in upstate New York, post 1825
- b.
 - i) Mechanization of northern farms in the postbellum period, and
 - ii) Westward movement of cotton farming, 1830-1860

Midterm #2, Spring 2013: Part III, (2) First, in your mind, figure out the economic concept that connects the two terms. Then, on your exam, define or identify or describe each term in the pair (6 points), providing enough detail to support the connection between the terms. Then, finally, discuss the connection between the two terms (4 points). Each answer is worth 10 points total. You should spend about 7 minutes on each question.

- a.
 - i) Public financing of railroad construction after the Civil War
 - ii) Public financing of higher education in the early 20 century

Midterm #1, Spring 2013: Part V, (1) In reader article #1 ("Economic History and Economic Policy"), Barry Eichengreen discussed "analogical reasoning" –creating historical analogies to contemporary events, providing insight into and policy ideas for solving contemporary economic and social problems. The proper analogical use of history requires knowing which aspects of the historical episode are critical to the analysis of history, and which aspects are (and are not) relevant to the contemporary issue.

- A. (10 points) Consider Lamoreaux's analysis of early industrial New England (reader article, "Engines of Economic Development," Chapter 3 of *Insider Lending: Banks, Personal Connections, and Economic Development in Industrial New England*). What question does Lamoreaux address? What is her argument? What is her answer to the question?
- B. (2 points) Based on your knowledge beyond Econ. 113, identify a contemporary issue or problem that Lamoreaux's analysis might provide insight into. "Contemporary" can be interpreted broadly

as "during your lifetime." Do not provide very much detail in your answer. Simply state the issue, identifying the country and time period.

- C. (12 points) What is one assumption in Lamoreaux's analysis that is critical to her conclusion? Is that assumption relevant to analyzing the contemporary issue you listed in part (b)? Explain (1) how the assumption you cite is critical to Lamoreaux's conclusion and (2) why you say the assumption is (or isn't) relevant to analyzing the contemporary issue you listed in part (b).