

Final Exam for Graduate U.S. Economic History, Fall 2014

Definitions: (5 points each) Please define FOUR out of the five terms below.

- (a) Coase Theorem
- (b) Instrumental Variable (be certain to explain the two criteria for a good instrument)
- (c) Market Preserving Fiscal Federalism
- (d) Bias vs. Statistical Significance
- (e) Nash Equilibrium

Short Answer: You MUST answer question 1. Just answer one of questions 2 and 3.

1. (40 points) “Secure property rights are necessary for economic growth to occur.” Evaluate this statement in light of the readings we did this semester.

2. (20 points) The following question is based on our discussion of the Great Depression.

- (a) In class we discussed the role of deflation in exacerbating the Great Depression. Please explain how the vicious circle involving inflation we described worked. How, did it translate into lower real output in the economy?
- (b) Were monetary or fiscal factors most responsible for the recovery from the Great Depression? Why do you say this?

3. (20 points) The following questions are based on the Bleakley and Ferrie article *Up from poverty?*.

- (a) The Bleakley and Ferrie article provides evidence relevant to development economists. What is this evidence? Try and be specific about the class of models ruled out by the article.
- (b) Bleakley and Ferrie have a pretty good identification strategy in their article. What is it? Why is it pretty good?