

# COMPREHENSIVE EXAMINATION IN ECONOMIC HISTORY

SPRING 2006

Answer four of the following questions.

1. Over the last half century, economics have studied the problem of how to improve the record of economic growth in developing countries. The recommendations that have come out of this literature have changed quite dramatically over time. A half century ago, for example, scholars placed a great deal of emphasis on building expensive capital-intensive infrastructural improvements. Now they are more likely to recommend that aid agencies focus on small, locally generated projects instead. Similarly, a half century ago there was considerable emphasis on import substitution, but by the 1980s the consensus was shifting instead toward free trade. Use your knowledge of the economic development of the U.S. and/or Western Europe to reflect on the relative merits of one such pair of policy recommendations. You are not restricted to the policies mentioned in this question.

2. Scholars have coined the phrase “national innovation system” to collectively characterize a country’s institutions, both private and public, that affect either positively or negatively the pace of technological change (for example, the patent system and other protections for property rights or inducements to innovation, the educational system, organizations that invest in or promote research and development, and so on). Discuss the ways in which the U.S. national innovation system has evolved (for good or for ill) over time.

3. Some scholars have emphasized the importance of dramatic change in political or legal institutions, such as those accompanying (or wrought by) the Glorious Revolution, the French Revolution, or the Meiji Restoration, in creating the necessary conditions for the onset of industrialization in pre-industrial economies such as late-17<sup>th</sup> century Britain, late 18<sup>th</sup> century France, or mid to late 19<sup>th</sup> century Japan. Illustrating your argument with one of these or other prominent cases, discuss what you think the basis (empirical and/or theoretical) is for such a view, and whether you find it persuasive. More generally, how much weight would you put on political revolutions or other general exogenous shocks to institutional structures in explaining the realization of sustained economic growth in less-developed or developing countries? Explain.

4. It has been common to oppose Smithian (or market driven), to Schumpeterian (or technology driven) processes of economic growth. To what extent can market-based growth alone be responsible for the onset of industrialization? Were these two processes complements or substitutes in the past? To what extent does your answer still hold for the present? Why?

5. In the nineteenth century, a central concern of many governments was the extent to which either industrialization or the failure to industrialize could create revolutionary movements. One reason for such worries was that wealth and income inequality were very high in many parts of the world. In his 1950 presidential address to the AEA, Simon Kuznets suggested that the high levels of inequality that one observed around WWI were a temporary phenomenon. He argued markets forces insured that capitalist societies would eventually reduce the level of inequality. To what extent, if any, do you think Kuznets was right? Why? Moreover does the historical evidence suggest that government policy should focus on solely aggregate economic performance, or should it also devote much attention to the distribution of the welfare gains associated with growth.

6. Gregory Clark, Jan De Vries, and Robert Fogel have all highlighted the importance of variation in the intensity of labor in accounting for differences over societies and time in economic performance. How would you characterize their respective views about the sources of variation in the intensity of labor, and which – if any – do you find particularly useful or enlightening in making sense of the historical record of economic development. Explain.