

COMPREHENSIVE EXAMINATION IN ECONOMIC HISTORY

Answer four of the following questions.

1. More than thirty years ago, Robert Fogel challenged the idea that the railroad had been virtually indispensable to the economic growth of the United States during the nineteenth century. He contended further that it was highly unlikely that any single technology, narrowly defined, could be crucial for growth. Implicit in his analysis was the view that what was indispensable to growth were conditions conducive to invention and to technological change generally, and that the existence of multiple ways of solving technical problems would typically provide choices between technologies which were reasonable substitutes. Some scholars would argue that this same logic applies to the role of institutions in economic growth -- that what really matters is institutional flexibility and not any particular institution (narrowly defined). To what extent would you agree with these perspectives on technological and institutional change? Do you think that this analogy between the roles of technological change and of institutional change is useful for thinking about the processes of growth, or does it obscure fundamental differences and mislead? Drawing on examples from economic history, explain your views.
2. Some economic historians put great emphasis on the role of institutions in shaping paths of economic growth. They typically hold that institutions are subject to network externalities. To what extent, therefore, can crises play an important role in economic growth? Explain. Please refer to specific material you encountered in Economics 241 or 242 in composing your answer.
3. It is now generally accepted that there is an important connection between property rights and economic growth. Some scholars argue that property rights systems are largely determined by factor endowments, while others place more weight on fiscal imperatives. In considering the evolution of property rights systems, how would you parcel out the relative contributions of the two factors? To what extent do such perspectives imply that early decisions on property rights will have long-term consequences? Explain.
4. In an influential recent article, Acemoglu, Johnson, and Robinson have recently shown that variation across a subset of societies (former colonies of European countries) in contemporary economic performance can be largely explained through the use of indexes of nineteenth-century mortality rates as an instrument for contemporary institutional quality. In your view, what is the contribution of this work to our understanding of the processes of economic development? How do you interpret their findings? Explain.

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5. Much of the recent empirical literature on growth employs cross-country regressions based on data extending back no further than 1960 or so. Some would characterize this work as trying to understand the process of growth by examining what policies enable rapid growth over a short span of time (several decades). By contrast, economic historians of developed economies have emphasized the typical absence of growth spurts. Instead they highlight the relative steadiness of growth in explaining success. Do you believe there is a genuine contrast in the records of growth? If so, what policies or institutions might be responsible for the purported steadier growth of developed countries? Are such policies likely to be different from those that enable fast but temporary growth? What implications would you draw for the design of research programs aimed at improving our understanding of the processes of economic growth? Explain.

6. During the early debates about the design of the U.S. patent system, an alternative plan by which the government would pay inventors for approved inventions was proposed. The idea was that the government would assess the "value" of each invention and compensate the inventor directly by the appropriate amount so that the invention could be made available immediately for general use. In principle, there would be no private property rights to obstruct the diffusion of the new technology, and yet the inventor would receive a return to his investment in inventive activity. It might be said the Longitude Prize (in which the British monarch offered a large prize to anyone who could come up with a reliable method of gauging longitude to a specified degree of precision) was based on a similar conception of how a society should stimulate inventive activity. Explain the economic logic for this approach, and the conditions under which you think this system (or others where the government plays a more active role in allocating resources to R & D projects and/or inventors) would work better -- or worse -- than the patent system at promoting technological change and economic progress. What, if any, advantages are there to government involvement in this area? Explain.