

Written Exam for the B.Sc. or M.Sc. in Economics, Summer school 2015

An Economic History of Europe

Final Exam

July 25 10 am- July 26 10 am, 2015

This exam question consists of 1 page in total

The page limit for solutions is 10 pages (including everything).

Please note that the language used in your exam paper must correspond to the language of the title for which you registered during exam registration. I.e. if you registered for the English title of the course, you must write your exam paper in English. Likewise, if you registered for the Danish title of the course or if you registered for the English title which was followed by “eksamen på dansk” in brackets, you must write your exam paper in Danish.

If you are in doubt about which title you registered for, please see the print of your exam registration from the students’ self-service system.

The paper must be uploaded as one PDF document (including the standard cover and the appendices). The PDF document must be named with exam number only (e.g. ‘1234.pdf’) and uploaded to Absalon.

Focus on Exam Cheating

In case of presumed exam cheating, which is observed by either the examination registration of the respective study programmes, the invigilation or the course lecturer, the Head of Studies will make a preliminary inquiry into the matter, requesting a statement from the course lecturer and possibly the invigilation, too. Furthermore, the Head of Studies will interview the student. If the Head of Studies finds that there are reasonable grounds to suspect exam cheating, the issue will be reported to the Rector. In the course of the study and during examinations, the student is expected to conform to the rules and regulations governing academic integrity. Academic dishonesty includes falsification, plagiarism, failure to disclose information, and any other kind of misrepresentation of the student’s own performance and results or assisting another student herewith. For example failure to indicate sources in written assignments is regarded as failure to disclose information. Attempts to cheat at examinations are dealt with in the same manner as exam cheating which has been carried through. In case of exam cheating, the following sanctions may be imposed by the Rector:

- 1. A warning
- 2. Expulsion from the examination
- 3. Suspension from the University for at limited period or permanent expulsion.

Please read the following carefully and answer **all** the questions. You should write a maximum of 10 pages, not including the cover page and the references.

Question 1

Real wages are often used to give an impression of the performance of preindustrial economies.

- i. How are real wages constructed?
- ii. Present graphs of nominal and real wages for a preindustrial economy of your choice.
- iii. How do your graphs relate to theories of preindustrial growth?
- iv. Discuss briefly the advantages and potential pitfalls of using real wages as a proxy for the level of national per capita income.

Question 2

The Nobel Prize winning economist Paul Samuelson once said that comparative advantage is ‘the best example of an economic principle that is undeniably true yet not obvious to intelligent people’.

- i. Explain the concept of comparative advantage.
- ii. How did the structure of trade change between the 19th and 20th centuries?
- iii. Why do you think comparative advantage might not be ‘obvious to intelligent people’? Why do people often oppose free trade based on comparative advantage?

Question 3

‘Long lasting economic institutions must be efficient, because otherwise they would have failed.’ Discuss whether this is true with reference to a specific example from history.

Question 4

Classical economists would have regarded levels of taxation in Western Europe today as being incompatible with the levels of income we now enjoy. Present day new classical economists would in general support the idea that lower taxation would give higher growth. Do you agree? Justify your answer with reference to the historical experience.