

Problem Set

This problem set is due at the beginning of class on Tuesday, February 20th. It comes in two parts: four short identifications (answer all four) and three essay questions (answer two out of three).

Part 1.

Identify each of the following four concepts and explain its relevance to the modern world economy. Each of your four answers should not exceed 200 words. 10 points each.

1. Portfolio investment flows
2. Age of laissez faire
3. Social capability
4. Substitution for prerequisites

Part 2.

Answer two of the following essay questions. Please limit your answer to each question to 600 words (two normally formatted double spaced pages). 30 points each.

1. We have read a number of articles – by Abramovitz, by Pritchett, and by Sylla and Toniolo – designed to explain why some economies began to experience “modern economic growth” in the 19th century while others did not. Do these articles supply a satisfactory answer to this question? What are their most glaring limitations?
2. The debate surrounding globalization revolves, in part, around its implications for income inequality, both within countries and between them. What lessons, if any, can we draw about that debate from the “first age of globalization” (between 1880 and 1913)? In other words, what were the implications for income inequality then, and would we expect similar effects today?
3. It is sometimes said that the classical (pre-1914) gold standard was “as much a political as an international monetary system.” What is meant by this statement? What does it imply for the kinds of international monetary systems that are feasible today?