

### Question 1

Consider this table:

	<b>Growth Rate</b>	<b>Employment</b>
1932	-1.3	23.6
1933	-2.1	24.9
1934	7.7	21.7
1935	7.6	20.1
1936	14.3	16.9
1937	4.2	14.3
1938	-4.0	19.0

**Were New Deal policies the right ones to solve the Great Depression?**

### Question 3

**Was the First Globalization beneficial for workers in the industrial countries?**

**Which forces contributed to the changes they underwent in the period?**

### Question 4

**“The operational and organizational changes promoted by businesses like Ford and General Motors cannot be understood without their specific context.” Explain why.**

**1) The beginnings of Modern Economic Growth in 1700-1820**

- a) Can be found in the sustained growth observed in most European countries.
- b) Started with a rapid pace of technological innovations that transformed the industry (a process known as ‘Industrial Revolution’).
- c) Depended on increases of real wages relative to interest rate levels.
- d) Resulted from conditions specific to England, like the Bank Effect and the Textile Effect.

**2) For governments and international partners, the intended outcome of the post-1945 agreements between workers and business leaders was:**

- a) Moderating profits so that wage increases could be above productivity gains.
- b) Keeping investment levels high in a context in which labourers had a strong bargaining position.
- c) Helping European firms to remain competitive and innovative in a context of high employment levels.
- d) Restraining workers’ wages, so that capitalists could increase their profits.

**3) The overcoming the Oil crises of the 1970s implied a policy shift in Western countries, namely**

- a) From full-employment to deflation, supported by high interest rates.
- b) From deflation to full-employment, supported by high interest rates.
- c) From full-employment to deflation, supported by low interest rates.
- d) From deflation to full-employment, supported by low interest rates.

**4) Regarding World War I, it is possible to affirm that**

- a) It was a deliberate option taken by the main contenders to solve geopolitical tensions.
- b) After 1918, Globalization resumed, but under an American, rather than British, leadership.
- c) It increased the political strength of workers, which led to a departure from liberal economic policy.
- d) American intervention and the Bretton Woods Treaty created the conditions for Globalization to resume.

**5) Among the factors holding back the agricultural productivity of nearly all European countries by 1700, we find**

- a) Low wages and wrong institutional incentives (the ‘Agrarian Deadlock’).
- b) Protectionism and war prevented the emergence of comparative advantages in agriculture.
- c) Lack of human capital and low interest rates, despite optimal natural conditions.
- d) Lack of agricultural innovation, except in England (the ‘Agrarian Deadlock’).

**6) The rapid increases of energy prices in the 1970s meant the end of the Golden Age because**

- a) They led to the breakdown of the movement towards free trade that had started after World War II.
- b) Environmental concerns became the priority for governments in the following decades.
- c) They demanded dramatic policy shifts.
- d) They ushered in an era of intense military confrontation.

**7) Eichengreen identifies the ultimate and proximate causes of the European postwar growth miracle:**

- a) The ultimate causes the catching up with a far more advanced USA, and wage moderation.
- b) The ultimate causes were the reconstruction and high employment levels.
- c) The proximate causes were the catching up with a far more advanced USA, and the high investment levels.
- d) The proximate causes were the reconstruction and high employment levels.

**8) A good example of an “Enclave Economy” during the nineteenth-century Globalization is provided by:**

- a) The peripheral economies like Australia and New Zealand, whose highly-productive agriculture was developed to provide in-demand primary goods.
- b) China, a peripheral country which remained largely unaffected by Globalization flows.

- c) The African colonial territories specialized in cocoa and cotton like São-Tomé-e-Príncipe or Nigeria.
- d) The peripheral economies, which were, also, by definition, enclave economies.

**9) “In the First Globalization, the USA took part in world trade mostly as a supplier of primary goods.” True or False?**

- a) False: the USA was not a peripheral economy.
- b) False: like the USA, peripheral economies were essentially suppliers of primary goods.
- c) True: most of US exports were primary goods like wheat and cotton.
- d) False: the USA was essentially an exporter of industrialised goods.