



Lisbon School
of Economics
& Management
Universidade de Lisboa

EBH 23/24 (2nd Term)

TOPICS for Marking Answers from Task 4b

Deadline: 18h00 May 8 (Wednesday).

Remember: the purpose of this exercise is preparing for the final test. Thus, I will mark your marking, but your marking will have no effect on your colleagues' grades.

1. The data shows that nearly all the GDP growth of the 1960s (6.1% per annum) is explained by strong increases in labour productivity (5.9% per annum). This increase, in turn, can be explained by innovation, some of which is a consequence of war (but not reconstruction, whose effects on increase in labour productivity are null and had ended by 1960). Thus, war-induced innovations mattered for growth.

2. Nevertheless, sustained innovation was helped in a context of high foreign demand. This was achieved by international institutions like the dollar standard and the GATT.

3. Also, to keep productivity growth it was necessary that wage increases lagged productivity increases. This is difficult to achieve in a context of full-employment and of demand-side policies and institutions (like the welfare state), as the strong bargaining position of workers would result in high wages. Consequently, capital-owners would be less willing to invest. Despite this risk, as shown in the table, the rise of labour costs was less than half of the growth of labour productivity ($2.3 < 5.9$). As such, investment rates were high and productivity growth was high during the period.

4. To conclude, the Economic Miracle is not explained by post-war reconstruction. War-induced technological advances were a factor, but without external favourable institutions and domestic social pacts moderating wages, such a robust growth would not be sustainable.

HOW TO MARK

The most important thing is checking if the text has an **answer** to the question.

Second, checking if the answer has an **argument**, showing that the authors:

1. **consider alternative** answers, explanations or theories
2. **use** (not simply mention) the **data** to defend their argument

THUS:

< 0.08 : no answer/lack of understanding of the broad issue (possible correct statements, facts, reasonings, or use of data are accounted for to distinguish 0 from 1)

> 0.08 < 0.16 : answers showing an understanding of the issue, but without considering alternatives (-0.04) OR without using meaningfully the data (0.04)

> .16 : answers showing an understanding of the issue, considering alternatives AND without using meaningfully the data

Good Work,