

midterm

This version: October 21, 2014

Name:

Blue Book #:.....

- Put your name and Blue Book # above. Put the same # on the Blue Book, say last 4 digits of your phone number, etc. Do not put your name on your blue book.
- Answer all questions.
- The exam is open book, open note. However, you may only use your own books and notes. You may not share books, notes, or calculators with other students. Cell phones and other devices that can transmit or receive messages must be put away throughout the exam.
- Be to the point, avoid padding/boilerplate. Do not dump everything that you know and ask me to pick what is relevant.
- Hand in BOTH your test and blue book, in SEPARATE piles.
- Each question has the same weight
- **Important:** if a question asks you to give an example, it has to be different from those given in the slides (it may come from the book, or from my talking (only not the same as in slides))

- 1 Give at least 2 examples when economic growth does not lead to economic development (except pollution and inequality)

pollution; inequality; war, cutting out all trees, using all fossil fuel etc

- 2 We can get higher education online these days, so the physical place where you get it does not matter anymore. Why is this statement true or false?

just discuss Florida and Friedman; it probably matters

- 3 Was Wall Street resilient to financial crisis of 2008? Why or why not?

it was because it recovered

- 4 What is a city? How can we define it according to Wirth (1938)?

size, density, heterogeneity

- 5 What do central place theory, labor specialization and urbanization (growth of cities) have in common?

cities exist bc people are not self-sufficient; and so they need to specialize—central place theory is about specialization—the more specialized the more central

- 6 What agglomeration economies have to do with social capital?

agglomeration: scale economies+network (network is social capital)

- 7 Labor specialization and urbanization are positively related. True or false? Why?

true, blah blah

- 8 What is a key feature of externality? (for economists)

it is external to transaction, you don't pay for it; no cost

- 9 Comparative advantage cannot be realized if there are trade barriers. True or false? Why?

trade barriers hamper to some degree comparative advantage; they can hamper fully too

- 10 Let's say we use economies of scale principle to grow local economy...How would that affect innovation/creativity and resilience?

lower resilience if you just depend on one thing—say Russia and oil; also the big don't innovate.

References

WIRTH, L. (1938): "Urbanism as a Way of Life," *American Journal of Sociology*, 44, 1–24.