

midterm

This version: November 11, 2013

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

pollution; inequality

2 Is world flat or spiky? Does location matter ? Give at least 2 examples when location matters and 2 examples when it does not matter

just discuss florida and friedman

3 Was Camden resilient to manufacturing death? Why ?

It wasn't because it did not recover: being resilient means being able to take a hit/shock and don't go down

4 Where do our preferences come from according to Wildavsky (1987) ?

other people

5 What 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 is a counterfactual ? Give an example.

it is “what not happened”; or “what would have happened if”; say we decide that RU-Camden are not going to be merged; and the counterfactual is they are merged

7 Is it better that poor people live in cities or in villages according to Ed Glaeser. Why one of those places is better than the other?

cities—easier for them to do things

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

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

9 Let's assume that South Jersey has a comparative advantage at production of peaches and North Jersey has a comparative advantage at production of financial services. How the production and trade should be setup to maximize utility/consumption? What problems they may arise if you maximize utility/consumption?

South: only peaches; and north only financial services and trade surplus assuming you can trade financial services. problems: per Jacobs: single use; poverty in South, etc. And dependency on the other region !

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

WILDAVSKY, A. (1987): "Choosing Preferences by Constructing Institutions: a Cultural Theory of Preference Formation," *American Political Science Review*, 81, 3–21.