

**Economics 329 – International Economic History**  
**Final Exam**

**Due date: Friday, May 11, by 5 pm CDT**

Please write a 500 word (+/- 50 words) essay for each of the two questions below. Your answers must be typed and submitted via e-mail attachment to [ljohnston@csbsju.edu](mailto:ljohnston@csbsju.edu). You must cite any sources you use; the quotes below provide model citations for our three class texts.

Question 1

“The United States borrowed and spent itself into a foreign debt crisis. Between 2001 and 2007, Americans borrowed trillions of dollars from abroad... The American economic disaster is simply the most recent example of a “capital flow cycle,” in which capital floods into a country, stimulates an economic boom, encourages high-flying financial and other activities, and eventually culminates in a crash (Chinn and Frieden 2011, p. xiv).”

Write a 500-word essay that spells out the details of the capital flow cycle for US from 2001 to 2007. Your essay must address the following three points:

- The role of fiscal policy in the 2001 to 2007 cycle;
- The role of monetary policy in the 2001 to 2007 cycle;
- The role of real estate markets in the 2001 to 2007 cycle.

## Question 2

“Does the industrial revolution have a future? No major country has gotten rich without industrializing. Many countries remain poor, so we must hope they will industrialize too. China is now becoming the source of cheap manufactured goods, and the industrializers of the future will have to compete against it, just as each industrializer in the past has had to compete against its predecessor—the USA against Britain; Japan against the USA; and so forth (Allen 2017, p. 128).”

“The history of the modern world economy illustrates two points. First, economies work best when they are open to the world. Second, open economies work best when their governments address the sources of dissatisfaction with global capitalism. The challenge of global capitalism in the twenty-first century is to combine international integration with politically responsive, socially responsible government (Frieden 2006, p. 476).”

Write a 500-word essay that discusses the strengths and weaknesses of these assertions by Allen and Frieden. Your essay *must* provide your answers to the following two questions:

- Do you agree with Allen that, “no major country has gotten rich without industrializing?” Why or why not?
- Do you agree with Frieden that, “economies work best when they are open to the world.” Why or why not?