Economics 165 - Middle East Economics
Practice Midterm Exam
Fall 2005

Answer 2 questions, choosing one from each of sections I, and II.

Section I - Economic History (choose one)
Q1) A. Where is the fertile crescent?
   B. Name three advantages in climate and geography that the fertile crescent had over Europe, Africa and Central Asia as a location for agricultural development four thousand years ago. Explain each briefly.
   C. Name three advantages in climate, geography and/or geology that Europe had over the Middle East as a location for the industrial revolution. Explain each briefly.

Q2) A. What are terms of trade?
   B. What is comparative advantage?
   C. Use these terms and a diagram to explain how both the Islamic Empire and Europe gained from trade with each other in the period between 1000 and 1500.
   D. Use these terms and a diagram to explain how the increased productivity of European manufacturing after 1800 reduced gains from trade for the Middle Eastern countries.

Section II - Economic History (choose one)
Q3) A. What is a Waqf?
   B. What are the three characteristics of full property rights?
   C. What does the Coase theorem state about the allocation of property and economic efficiency?
   D. Use the concept of property rights to explain the increase in Waqf property during the Ottoman period.
   E. Use the Coase theorem to explain why the allocation of property to the Waqf was inefficient. Give examples if possible.

Q4) A. How does the Solow growth model explain why income/capita is higher in some countries than others?
   B. How does the Solow model explain how low income countries will grow to become high income countries?
   C. The development paths of Europe and the Middle East diverged in the 19th and early 20th centuries. Why is this at odds with the Solow model of growth?
   D. Name and discuss two factors which might explain the discrepancy in part C.

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