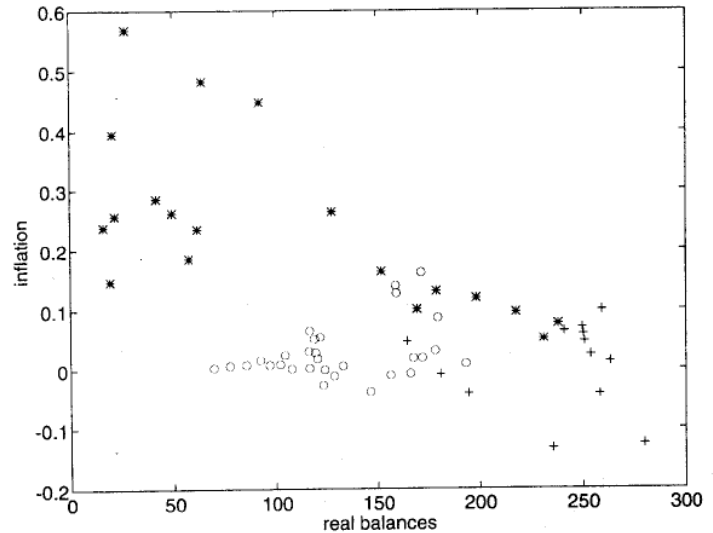
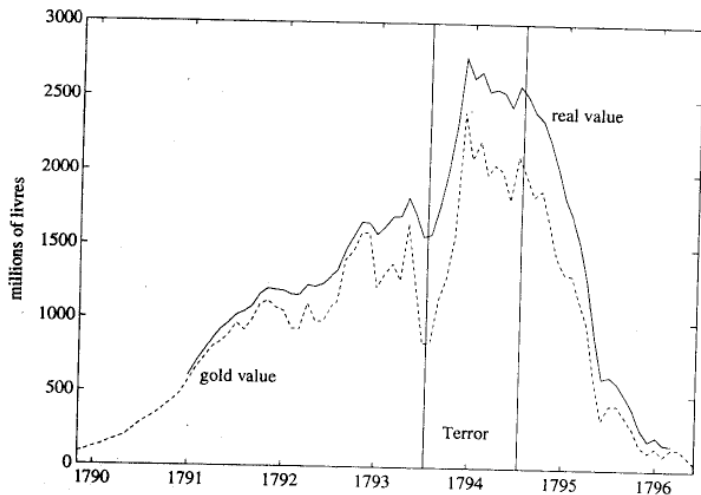
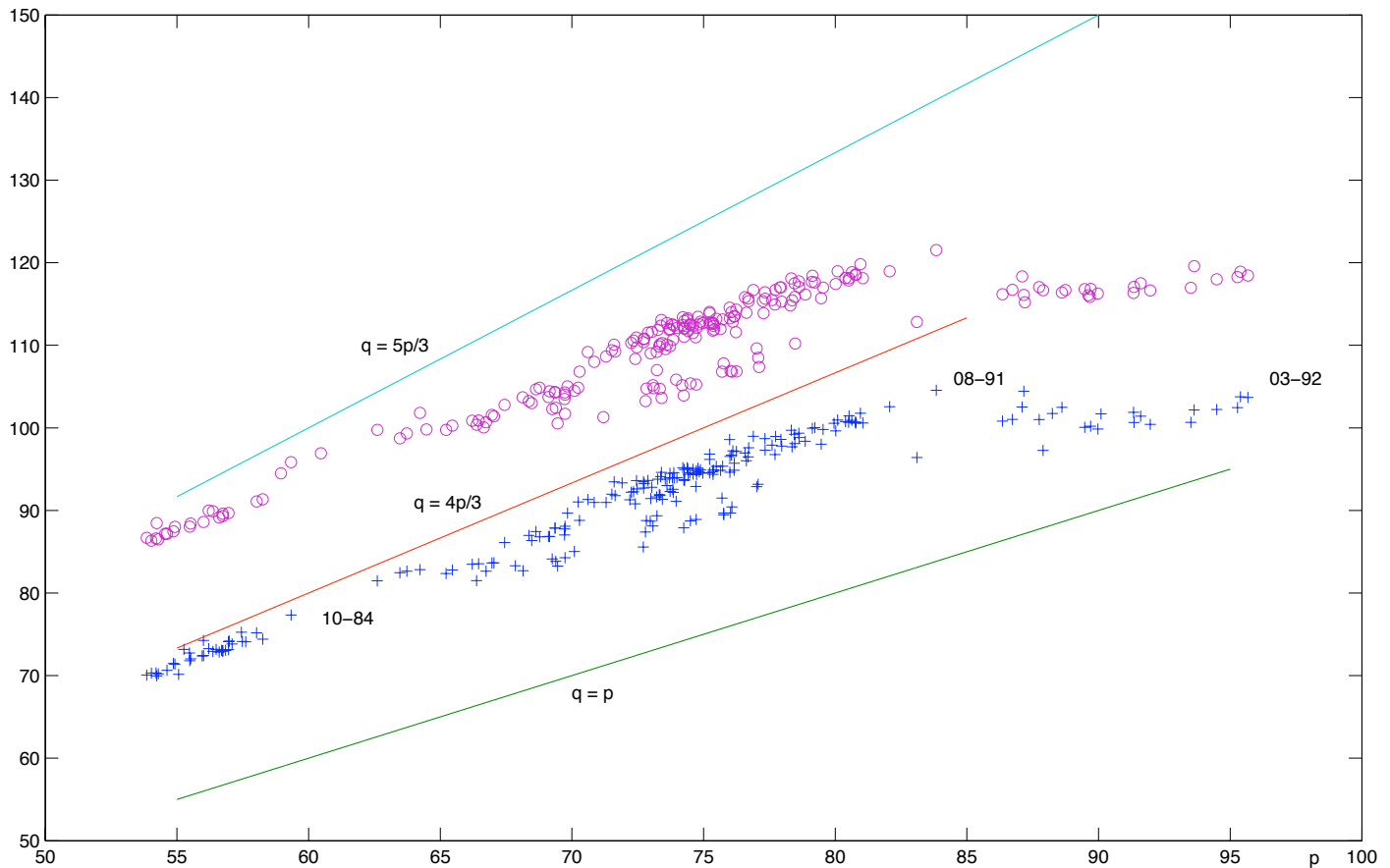


1. Consider a government that raises seignorage in an economy with metallic money and issues a higher quantity of the same type of coin. Can it do that without limit or is there a limit that is reached at some point. Explain the mechanism.
2. What evidence is there for trade in the Mediterranean sea between 200 BC and 1000 CE? Describe briefly the main features that are provided by this evidence.
3. Describe the standard monetary system with coins. Is there some relation between the physical properties of metals and the structure of that monetary system? Does the monetary system of the Roman Empire fit in that description?
4. Discuss the origin of the public debt (place, time, cause).
5. What did Philip II do when he stopped payments in 1575? What was the cause of his action?
6. Compare the problems that policy makers were facing after the death of Louis XIV and in 1789, respectively. How were they resolved?
7. Discuss (facts and motives) the policy of the Continental Congress (after the independence) on the debts of the states and compare with the policy on the debts of the states in the 1830s.
8. The following pictures represent the real values of the assignats
 - (a) Using **both** diagrams in the next figure below, comment on the period between 1791 and the middle of 1794.
 - (b) Consider on the right figure, the point with an asterisk and a real balance of 120 millions livres and a monthly inflation rate of 28 percent (The point is somewhat isolated). Does this point represent data before or after 1794. Assume that the inflation is constant. What is the amount of seignorage revenues?



9. Discuss the differences between England and Spain for the development of charters, assemblies and parliaments. Emphasize the reasons for the differences. Be short.
10. In the following figure, for different dates, the price of the 3% annuity in England is represented on the horizontal axis and the prices of the 4% and the 5% annuities are presented on the vertical axis.
- Which are the points representing annuities at 3% and 4%?
 - Why are the points that represent annuities at 3% and 5% below the line $q=5p/3$? Why can they be below the line $q=4p/3$?
 - In March 1792, what is the maximum number of years before the 4% annuity is converted into a 3% annuity, according to the expectation of the market? The numerical value does not have to be very precise (since the data is taken from the figure), but your argument should be precise.
 - Explain the sudden drop of the points after August 1791.



11. How did the balance sheet of the Bank of England evolve during the suspension of the gold convertibility of the pound during the Napoleonic wars. Do not present numbers. Focus on the evolution of the overall quantity and the mix between private and government securities, and compare, in the main lines, the state of the balance sheet before the suspension and after the resumption of the gold convertibility.