

FINAL EXAM

1. In Egypt under the Ptolemies, why were not all taxes administered by the state? What type of information problem was the state facing for some taxes, and how did the state deal with that information?
2. To what extent can we state that the outcome of the battle of Crécy was determined by issues in public finance?
3. Compare the technical features of 4% annuities that were issued in England (say in the 1740s—the date is only to identify which type of annuities) and the juros under Philip II of Spain.
4. If an economist had to identify the most important cause of the rise of parliaments, before 1500, what would it be? Discuss with examples.
5. The following table describes hypothetical coins that have been issued in the years of the first column. F is the degree of fineness (in percentage of silver). N is the number of coins per marc. P is the price of silver (pounds per marc).

Coin of 10 Deniers Tournois

a. Could the coin on the first line be in circulation in 1420? Recall that a livre is worth 240 deniers.

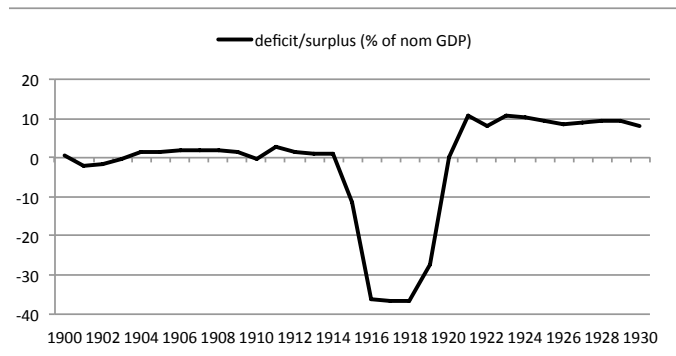
b. You have not been given the cost of making the coin. Would your previous answer be different if you were given that cost?

c. Assume there is no cost in making new coin. What is the profit (per coin) or issuing a new coin according to the specification in 1420? (You do not need a calculator for your answer. The numbers should be neat.)

Date	F	N	P
1419	10	96	20.00
1420	5	96	60.00

6. Analyze the essential similarities and differences between the experiment of John Law and the assignats.
7. About the balance of direct versus indirect taxes in total revenues in England and France during the 18th century:
 - (a) What were the main differences?
 - (b) Discuss briefly some causes.
 - (c) When was this balance altered, in France? in England?
8. Suppose that in 1800 the Bank of England would not have announced that it had temporarily suspended the Gold standard which would be resumed at the same parity with the pound after the war. Suppose instead that it would have been vague about its intention after the war. What would have been the inflation rate in England during the war compared to what actually occurred.

9. The following figure presents the evolution of the budget surplus (deficit) in England before, during, and after World War I. Comment on it in view of the “modern” theory of the public finance.



10. What was the policy of the first US Congress in 1790 regarding the debts of the states? What means did the federal government get in order to implement this policy?

11. The following figures describe events during the period of the assignats. (You are supposed to know the meaning of these figures). Using the figures, comment on the decrease of the real value of the assignats in the middle of 1793 in Figure 2. Can that decrease be related to particular points on last figure and how could the rise of the real value be resumed after?

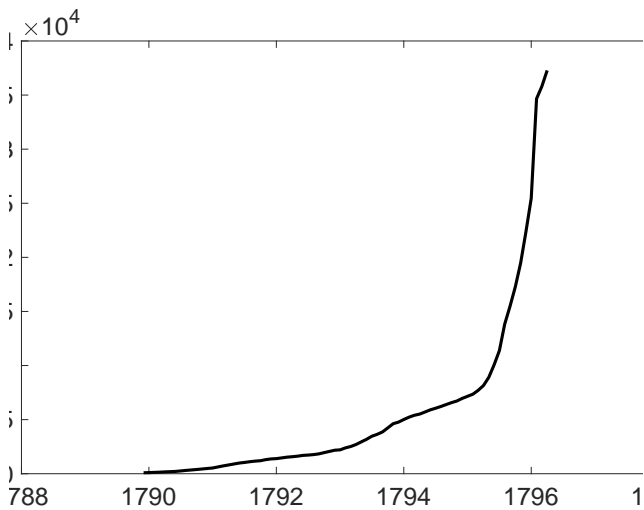


Fig 1: Nominal value of the assignats

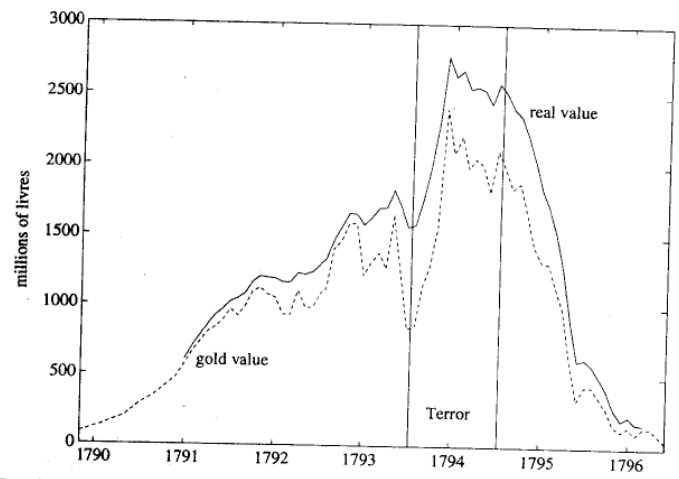


Fig 2: Real value of the assignats

