

**Economics C11 Final Exam
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Essay Questions. Answer both of the following questions. Watch your time carefully so that you spend roughly the same amount of time on each questions (15 minutes apiece, 30 minutes total for both essays). Answer each question on the sheet provided (you may write on the back but may not use any additional sheets).

1. The success of the U. S. economy in the 1990's has been attributed to various special factors, including falling computer prices and falling import prices.
 - a. Has the economy of the major European countries (considering them as a single country) been as successful as the U. S. economy? Which measures would you look at and what would you conclude?
 - b. To the extent that the European economy has been less successful in the 1990's, how would you explain this? Be sure to consider a wide range of possible explanations that you have learned about in this course, including aggregate demand factors and aggregate supply factors. Consider the following skeptic's remark -- "how can computer prices and import prices explain the U. S. performance when Europe also benefits from falling computer prices and falling import prices?"

