

Spr2020 - AP Comp

NORTH - INSTITUTIONS QUIZ

Please answer the following questions. Keep your answers to three sentences or less and be aware of the number[#] of expected responses - it always corresponds to the possible points!

#s1-2: Quiz 6

#3: Quiz 7

#s4-5: Quiz 8

#1: **Game theoretic context...ELABORATE (3 pts) pgs 97-98**

Hint: wealth-maximizing individuals

Vocab: play repetition, information, # of players

*Name two² exchanges in real life that qualify as an example of the concept above. One with a high transaction cost and one with a low transaction cost. Pick the one³ that best fits North's choice to use game theory to explain institutionalization.

#2: **...to Capture the Gains from Trade (3 pts) pgs 90-102**

Hint: expansion of the market

Vocab: defection, enforcement, & impersonal

*Using all the vocabulary words listed above, discuss how each one³ contributes to higher gains from international trade?

#3 **When Institutions do NOT Evolve (3 pts) pgs 102-104**

Hint: in the absence of institutions, there is no incentive to alter the system

Vocab: *Suq*, clientization, & protection

*Using all the vocabulary words listed above, explain the presence of the following in North African markets - a) high measurement costs¹, b) repeat-exchange relationships², and c) intensive bargaining at every margin³.

#4. **Institutional Evolution in Early Modern Europe (3 pts) pgs 105-108**

Hint: cost-reducing features of transacting

Vocab: mobility of capital, information costs, & risk

*Discuss (3) THREE innovations that enabled economic evolution in early modern Europe. Provide one innovation per vocabulary term³ and specifically mention how it reduces the costs of transacting.

#5. **Stability and Change (3 pts) pgs 108-111**

Hint: path dependence

Vocab: US Constitution, Wars of Independence, & informal constraints

*Use each historical era² in the Americas to identify the role of informal constraints. Remember to include the impact of the role of the state on path dependence³.