

THE AUSTRALIAN NATIONAL UNIVERSITY

First Semester Examinations 1999

ECHI2005/2015 HISTORY OF ECONOMIC THOUGHT

Pass and Honours

Study Period: 15 minutes

Writing Period: TWO (2) hours

Permitted Materials: None

Answer THREE (3) questions

1. David Hume, in his essay 'On Commerce', distinguished between *shallow* and *abstruse* thinkers. Using Hume's classification, evaluate his contribution to economics.
2. Adam Smith, according to Jacob Viner, was not a dogmatic advocate of *laissez-faire*. Do you agree? Give reasons for your answer.
3. What led to Malthus's concern about the possibility of aggregate supply exceeding aggregate demand, thereby creating general gluts? Why did Malthus fail to convince Ricardo that general gluts were possible.
4. Drawing upon Ricardo's single and multi-sector models, discuss how he came to the conclusion that the corn laws should be abolished.
5. Marx said that his ultimate purpose in *Das Kapital* was to explain the law of motion of modern society. What were his arguments which led him to conclude that capitalism contained the seeds of its own destruction?
6. Illustrating from the work EITHER of Jevons OR Marshall, discuss how their interests and methods typify what has come to be known as neo-classical economics.

7. EITHER

- (a) In the Preface to the *General Theory of Employment, Interest and Money*, Keynes wrote: 'If orthodox economics is at fault, the error is to be found not in the superstructure, which has been erected with great care for logical consistency, but in a lack of clearness and of generality in the premises.' It would appear that, of most concern to Keynes, was the premise that the economic system is self-adjusting. Discuss the basis of the doubts which Keynes had about this particular premise.

OR

- (b) Why is the *General Theory of Employment, Interest and Money* commonly regarded as the most important book written in economics this century?
8. Drawing upon the work EITHER of F. A. Hayek OR Milton Friedman, discuss the core of their critique of Keynes's economics.
