

THE AUSTRALIAN NATIONAL UNIVERSITY

Annual and Second Semester Examinations 2000

ECHI2005/2015 HISTORY OF ECONOMIC THOUGHT

(Pass and Honours)

Study period: 15 minutes duration

Writing Period : Two hours (2) hours duration

Permitted materials: None

Answer **THREE** (3) questions.

1. David Hume, in his essay, "Of Commerce", wrote: "The greater part of mankind may be divided into two classes: that of *shallow* thinkers, who fall short of the truth; and that of *abstruce* thinkers, who go beyond it. The latter class are by far the most rare: and I may add, by far the most useful and valuable. They suggest hints, at least, and start difficulties, which they want, perhaps, skill to pursue; but they may produce fine discoveries, when handled by men who have a more just way of thinking." Discuss in relation to Hume's own writing on economic topics.
2. Elaborate upon Adam Smith's assertion in the *Wealth of Nations* that the 'annual produce of the land and labour of any nation can be increased in its value by no other means, but by increasing either the number of its productive labourers, or by the productive power of those labourers...employed.'
3. Comment on the view that Malthus's intention in *An Essay on the Principle of Population* "was to create a scientific basis for predicting the future state of mankind, in opposition to the speculations of utopian writers, especially Godwin".
4. Discuss the reasoning behind David Ricardo's conclusion that impediments to the free importation of corn into Britain were likely to reduce that country's rate of economic growth.
5. Marx wrote in Volume 1 of *Das Kapital* that: "The most important fact, in this inquiry, is the composition of capital and the changes it undergoes in the course of the process of [capital] accumulation." Discuss.

6. “If we compare Jevons with the classical economists, we find in his writings a new and superior set of analytical techniques applied to a narrower and less important set of economic problems.” Do you agree? Give reasons for your answer.
7. Comment upon the view of Marshall that: “There are many trades in which an individual producer could secure much increased ‘internal’ economies by a great increase in his output; and there are many in which he could market that output easily; yet there are few in which he could do both.”
8. In the Preface to the *General Theory of Employment, Interest and Money*, Keynes confessed that: “The composition of this book has been for the author a long struggle of escape...a struggle of escape from habitual modes of thought and expression’. In what ways did the analysis of the *General Theory* differ from Keynes’s earlier works in economics, particularly the *Tract on Monetary Reform* and the *Treatise on Money*.
9. Discuss the basis of Hayek’s contention that the quantity theory of money is inadequate for the purpose of explaining inflation and the trade cycle.
10. “Monetarism is only one of Milton Friedman’s contributions to the history of economic thought, and not necessarily the most important one.” Do you agree? Give reasons for your answer.
11. Discuss the significance of the entrepreneur for Schumpeter’s interpretation of the growth, instability and decay of capitalism.
12. What, in your view, were the major contributions to economic thought of the “Stockholm School”? Do you agree with the view that the significance of its work has been exaggerated? Give reasons for your answer.
