

ECO 3132A/B
HISTORY OF ECONOMIC THOUGHT
FINAL EXAMINATION

Professor Mario Seccareccia
 FSS 9055 (613-562-5800 x 1691)

December 16, 2016
 9:30 a.m. - 12:30 p.m.

ANSWER FIVE (5) OF THE FOLLOWING ESSAY QUESTIONS:

1. T.R. Malthus had been an opponent of the Godwin thesis. Briefly explain what this vision was and why Malthus had opposed it. [4 points]
 Describe carefully the Malthusian model of population dynamics. Under what conditions does his theory support his predictions and under what conditions can his predictions be falsified within the framework of his theory? In your answer, briefly discuss what he had predicted for humanity and why the latter did not materialize historically. [6 points]
2. Discuss Adam Smith's theory of rent. Why would one say that his theory was too closely influenced by Physiocratic theory? [4 points]
 How does David Ricardo's theory of rent contrast with that of Adam Smith? Why doesn't Ricardian rent enter into the natural price of commodities for Ricardo, but, yet, he predicted historically that rent, accruing to the landlord class, would eventually come to constitute the lion's share of the economic surplus (or "net produce") of the agricultural sector? [6 points]
3. What was the debate between the "bullion" and "anti-bullion" camps during the Napoleonic era in Britain of the late eighteenth and early nineteenth centuries? Explain. [4 points]
 Henry Thornton was part of the moderate wing of the pro-bullion camp. Describe his theory and show in what sense his theory differed and, yet, was compatible with the quantity theory of money. [6 points]
4. Karl Marx argued that unlike previous "modes of production" that preceded capitalism (in which there existed an "exchange cycle" or "commodity circuit"), under capitalism the causal sequence was somewhat stood on its head. Discuss briefly the logic of the earlier circuit and contrast it to the "circuit" that existed under capitalism. [6 points]
 He also argued that the labour market under capitalism was different from other market structures because of his important distinction between "labour" and "labour power". What is the difference between these two latter concepts and why is this distinction so critical to understanding his notion of capitalistic exploitation. [4 points]
5. It has been sometimes said that Karl Marx was the first growth theorist, especially as described in Vol 2 of *Das Kapital*. Describe how his theory can go from a situation of simple to expanded reproduction by using his more micro "circuit of money capital" approach. [4 points]
 Analyze how one can go from a state of simple to expanded reproduction when analyzed within the framework of his macro two-sector model of an overall economy. [4 points]
 What role does capitalist consumption play in his analysis of growth? [2 points]
6. Both David Ricardo and Karl Marx predicted a long-run tendency for the rate of profit to fall in a capitalist economy.
 Provide a rigorous analysis of both Ricardo's and Marx's theory. [6 points]
 If one reads some recent modern work of Piketty (2014) (who has described a long-run tendency for profits to rise in most Western industrial countries, especially over the three decades before the global financial crisis in 2008), discuss briefly why both Ricardo and Marx, were wrong in their predictions. [4 points]

7. In his *Theory of Political Economy* (1871), Jevons states his theory in the following manner: “Cost of production determines supply; Supply determines final degree of utility; Final degree of utility determines value.”
What did he mean by this statement? [6 points] How was Jevons’ utility theory able to resolve the so-called “water-diamond paradox” originally attributed to Adam Smith? [4 points]
8. What was Alfred Marshall’s “partial equilibrium” method and how does it compare with the Walrasian “general equilibrium” approach? [4 points]
How did he apply his method to understanding supply (through his logical time constructs) and demand (through his invention of an income compensated demand relation)? Elaborate. [6 points]
9. Orthodox neoclassical economic analysis starts by making assumptions about how people behave (based, say, on rationality and utility maximization) and then focuses on the economic effects of this presumed behaviour. In referring to this traditional methodology, Thorstein Veblen (1919) argued that economists should abandon this highly restrictive shell and should begin to question why and how communities evolve and come to behave as they do.
Explain what Veblen meant by the above statement and show in what way his historical-anthropological approach differed from that of his neoclassical counterparts. [6 points]
Veblen’s approach is particularly evident in his study of consumption behaviour. What is ‘conspicuous consumption’ and how does it revolutionize the theory of consumer demand traditionally based on utilitarian analysis? [4 points]

**Merry Christmas
and
A Happy New Year!**