



## **ECS306J** REC306D

### OCTOBER/NOVEMBER 2010

## HISTORY OF ECONOMIC THOUGHT

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2 Hours

Duration



# ECS306J REC306D

October/November 2010

100 Marks

## **HISTORY OF ECONOMIC THOUGHT (ECONOMICS 306)**

EXAMINERS: FIRST PROF PH VAN EEGHEN SECOND MR T RAMETSI EXTERNAL PROF JS HART (UNIV OF KWAZULU-NATAL)				
This paper consists of 24 pages including 5 pages for rough work (pp 20 to 24) plus the special front page				
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STUDENT NUMBER				
This paper consists of sections A and B, both of which are compulsory				
SECTION A				
<b>Briefly</b> (using not more than a couple of sentences) explain ALL of the following ten concepts or ideas. Each concept/idea carries 5 marks. A total of 50 marks can thus be earned in this section.				
1 Fear of goods				

2	Tableau economique	
3	The division of labour and its limits	

4	The distinction between natural price and market price
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5	The role of cooperation-association and competition-disassociation in a collectivist economy and a liberal-capitalist economy.
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6	Institutions and their role in institutionalist economics.
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7	The credit system according to Veblen
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8	Why a fall in the nominal wage rate need not raise the level of employment according to Keynes.
)	Endogenous money according to the Post Keynesians
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TO. THE distinction between rational expectations and adaptive expectations.			

### **SECTION B**

Answer any TWO of the following THREE questions. Each question carries 25 marks. A total of 50 marks can thus be earned in this section.

- 1 Write an essay on Ricardo's theory of rent, in which you pay attention to:
  - the concept of rent in general,
  - the role of the marginal principle in the theory,
  - why rent does not influence the price of agricultural goods according to the theory,
  - how the theory forms the basis for Ricardo's opposition to the Corn Laws,
  - the extent to which rent can be regarded as "unearned" income, and
  - some possible criticisms of the theory.
- 2. Write an essay on Marx's theory of exploitation, in which you pay attention to:
  - the distinction between labour power and labour time,
  - the distinction between "live" labour and "dead" labour,
  - the concept of socially necessary labour time,
  - the concepts of surplus value and the rate of exploitation,
  - why an increase in capital intensity of production lowers the profit rate according to Marx's theory, and
  - some possible criticisms of the theory.
- 3. Write an essay on the economics of John Stuart Mill, in which you pay attention to Mill's ideas on.
  - what does, and what does not, set a limit on increasing production,
  - the wages fund,
  - the dynamics of the economy and, more in particular, why Mill was optimistic about the future in spite of expecting a falling profit rate,
  - the role of government

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- 1 Write an essay on Ricardo's theory of rent, in which you pay attention to:
  - the concept of rent in general,
  - the role of the marginal principle in the theory,
  - why rent does not influence the price of agricultural goods according to the theory, how the theory forms the basis for Ricardo's opposition to the Corn Laws,

  - the extent to which rent can be regarded as "unearned" income, and

•	some possible criticism	ns of the theory	,,,,	
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- Write an essay on Marx's theory of exploitation, in which you pay attention to
  - the distinction between labour power and labour time,
  - the distinction between "live" labour and "dead" labour,
  - the concept of socially necessary labour time,
  - the concepts of surplus value and the rate of exploitation,
  - why an increase in capital intensity of production lowers the profit rate according to Marx's theory, and

•	theory, and some possible criticisms of the theor	у	
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Write an essay on the economics of John Stuart Mill, in which you pay attention to Mill's ideas 3 on what does, and what does not, set a limit on increasing production, the wages fund, the dynamics of the economy and, more in particular, why Mill was optimistic about the future in spite of expecting a falling profit rate, the role of government.

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