

Old Test Questions

ECO 3303

History of Economic Ideas

Randall Holcombe

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1. (10 points) Mandeville argued that morality and economics are different areas of inquiry, but how did he link together morality and prosperity?
2. (10 points) What was the main argument underlying Adam Smith's *Theory of Moral Sentiments*?
3. (30 points) Over the past three centuries, economics has been preoccupied by a different main issue in each century. Briefly review the issues that dominated economics in each century, explain how the issues arose, and why the profession moved on to new issues.
4. (15 points) Discuss the views of the mercantilists related to raw materials. How did raw materials, both produced domestically and abroad, fit into their system?
5. (15 points) Who were the physiocrats? What were their main ideas, and how do the policy ideas of the physiocrats compare to those of the mercantilists?
6. (10 points) What were the main contributions to economics of Sir William Petty?
- 6a. (10 points) What were the main contributions to economics of Richard Cantillon?
7. (10 points) Discuss the main contributions to economics of Thorstein Veblen.
8. (10 points) Discuss the main contributions to economics of David Hume.
9. (10 points) Discuss the main contributions of John Stuart Mill to economics. Which economists had the greatest influence on his work? How influential was Mill, both in his own day, and on those economists who followed him?
10. (10 points) What were the main contributions of Jeremy Bentham to economics? How did Bentham's work influence the development of economic ideas?
- 10a. (5 points) What were the main contributions of Jeremy Bentham to economics?
11. (10 points) How does Adam Smith argue that college teachers should be compensated? Briefly explain the logic behind his argument.
12. (20 points) Heilbroner argues that land, labor, and capital, as marketable factors of production, have only existed for a few hundred years. Explain his reasoning, and discuss the degree to which his reasoning seems valid.
13. (10 points) Ludwig von Mises argued that "Economics is the youngest of the sciences." What was his argument? Does this argument appear true, or is it just an exaggerated claim of an economist?

14. (25 points) What were the key policy ideas of the mercantilists? Explain the logic of the mercantilist ideas, and discuss whether their policies were oriented toward creating wealth and prosperity. What was it that motivated the mercantilists to support their ideas?
15. (15 points) Who were the physiocrats? What were their main ideas, and how do the policy ideas of the physiocrats compare to those of the mercantilists?
16. (10 points) What were John Locke's main contributions to economics, politics, and philosophy?
- 16a. (20 points) Compare the ideas of John Locke and Thomas Hobbes. Explain how Locke's ideas on philosophy are related to economics.
17. (10 points) What is the first subject Adam Smith discusses in *The Wealth of Nations*? Why is this significant?
18. (5 points) Keynes argues that "animal spirits" control investors' decisions on how to allocate investment resources, resulting in irrational investment decisions and excessive volatility of investments. When Keynes then looks ahead, what does he expect to see happen to stabilize investment behavior in the future?
- 18a. (10 points) What did Keynes think was the primary cause of the Great Depression? What policies did he advocate to return the economy to full employment?
19. (15 points) Compare and contrast Joseph Schumpeter's view of profits with the view of Karl Marx. Where do profits come from? What causes them to decline?
20. (15 points) Compare and contrast the ideas of Menger, Jevons, and Walras, the three economists who are credited with initiating the marginal revolution in economics.
21. (15 points) Ricardo identified the three economic factors of production as land, labor, and capital. What determines the payments made to each factor? As an economy progresses, describe how Ricardo expected that payments to each of these factors would change.
22. (10 points) What were Alfred Marshall's main contributions to economic theory? Discuss how his ideas influenced the development of economics in the 20th century.
23. (15 points) One might argue that entrepreneurship is the key ingredient to economic progress. Discuss how the concept of entrepreneurship relates to the main ideas of Adam Smith, Leon Walras, and Friedrich Hayek. Discuss the similarities and differences in their approaches.
24. (15 points) Joseph Schumpeter and Israel Kirzner both depicted entrepreneurship as a crucial economic activity, yet they had strikingly different interpretations of the role entrepreneurs play in the economy. Compare and contrast Schumpeter's and Kirzner's ideas on entrepreneurship.
25. (15 points) How has the theory of value evolved over the past three centuries? Consider the ideas of the mercantilists, physiocrats, Adam Smith, Ricardo, Marx, and Marshall (and others if you want) in developing your answer.
26. (10 points) Explain how the concept of equilibrium became the central idea in 20th century economics. What ideas does economics slight by taking an equilibrium approach to analyzing economic activity?

27. (10 points) Economists use simplified models to depict a more complex reality. Discuss the role of simplifying and unrealistic assumptions in economic models. Do such assumptions enhance or detract from a model's usefulness?
28. (20 points) Compare and contrast the views of the mercantilists and the physiocrats on the subject of policies that can make nations more prosperous. Discuss their views on the role of natural resources on wealth creation, and on the public policies they recommended to enhance a nation's wealth.
29. (20 points) One can make the argument that the modern market economy only came into being within the past 300 years, when land, labor, and capital began being viewed as marketable factors of production. Yet trade has existed for thousands of years. Explain the reasoning behind this argument, and discuss the degree to which this reasoning seems valid.
30. (15 points) Discuss the ideas of the Spanish economists around the time of Adam Smith. What types of ideas did they espouse? Why were their ideas not as prominently known as Smith's? Why did their ideas ultimately have less influence than Smith's?
31. (15 points) Why did the industrial revolution begin in Britain? Contrast conditions in Britain with other nations (such as France, China, Germany) to explain why Britain had such a favorable environment for industrialization.
32. (20 points) Compare the ideas of John Locke and Thomas Hobbes, and explain how those ideas were applied to the development of economic and political systems.
33. (10 points) The mercantilists advocated protectionist policies that most economists today would argue reduce a nation's prosperity. Why would they have argued for such policies?
34. (15 points) Explain Karl Marx's theory of surplus value, making sure to differentiate relative surplus value from absolute surplus value.
35. (15 points) Explain the main contributions of Eugen von Bohm-Bawerk, and explain how those ideas laid the foundations for later theories developed by Ludwig von Mises and Friedrich Hayek.
36. (15 points) What was the socialist calculation debate? Explain both sides, and discuss the strengths and weaknesses of each position.
37. (10 points) Who were the scholastics? When did they write, who were the most important scholastic writers, and what were the main ideas they developed?
38. (15 points) Explain the key idea in Malthus's *Essay on Population*. Discuss the way in which this idea relates to Adam Smith's views on the future direction of economic progress and prosperity.
39. (20 points) Some have criticized economic models for being overly simplified, and unrealistic. Discuss the role of simplifying assumptions in economic models, and consider both the advantages and disadvantages of simplifying and unrealistic assumptions.
40. (15 points) What is meant by "heterodox economics"? Discuss the influence of heterodox economists on the development of economic ideas.
41. (15 points) Explain David Hume's contributions to monetary theory and international finance. In the course of your discussion, describe the effects Hume would have expected from an increase in the quantity of money in a country. Explain the effects both in the country with the increased quantity of money and in other countries.

42. (5 points) What was the main factor that Adam Smith said was responsible for increasing the wealth of nations?
43. (15 points) Carl Menger argued that costs are subjective. What does this mean? What alternative to subjectively-determined costs was Menger arguing against? When Alfred Marshall argued that the value of a good is determined by both supply and demand, does this suggest that Menger was wrong about the subjective nature of costs? Discuss the relationship between Marshall's and Menger's ideas on this subject.
44. (20 points) Adam Smith and David Ricardo had significantly different views on the future of prosperity in a market-driven economy. Explain the views of both economists. Which view do you think is more correct? Which view do you think is more closely related to contemporary economic theory? Be sure to support your answers by referencing the ideas of Smith and Ricardo.
45. (10 points) Briefly discuss the influence of John R. Hicks on the development of macroeconomic theory.
46. (15 points) Explain the diamond-water paradox. Who originally posed the paradox? Who ultimately resolved it with the answer economists accept today?
47. (15 points) Explain Carl Menger's distinction between goods of the first order and higher-order goods. What determines the value of higher-order goods, according to Menger? Do you accept Menger's explanation? What is the alternative that Menger was arguing against?
48. (10 points) What was the major lasting contribution that William Stanley Jevons made to economics? In developing his contribution, whose ideas did he say he was trying to overturn? Why was he trying to overturn them?
49. (15 points) What is Say's Law? Discuss the viewpoints on Say's Law held by David Ricardo and Thomas Robert Malthus. Did they agree or disagree? What were the arguments of each?
50. (15 points) Describe the differences between Irving Fisher's equation of exchange and the modern "Friedman" equation. Why do the differences matter from the standpoint of monetary policy?
51. (20 points) The ideas of Thorstein Veblen, Wesley Clair Mitchell, and John R. Commons are often linked together. Explain both what they had in common, and discuss each individual's ideas to illustrate their differences.
52. (15 points) Discuss the similarities and differences in the way the work of John R. Hicks and Paul Samuelson influenced the development of twentieth century economics.