

OLLSCOIL NA hEIREANN, GAILLIMH
THE NATIONAL UNIVERSITY OF IRELAND, GALWAY

SEMESTER 1 EXAMINATIONS 2001/2002

EC384 History of Economic Thought and Economic Methodology Third Year

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Time allowed: TWO hours.

Students must answer one question from Section A and all questions in Section B.

Use separate answer books for each section.

SECTION A Answer One question

1. Explain briefly (a) the inductive method, (b) the deductive method. Outline J.S. Mill's analysis of the role of disturbing causes in economic explanation within the framework of his overall methodological framework.
2. Compare and contrast Popper's approach to methodology with that of Kuhn.

SECTION B (Answer All questions)

3. Identify the author of the following passages.
 1. A weaver cannot apply himself entirely to his peculiar business, unless there is beforehand stored up somewhere, either in his own possession or in that of some other person, a stock sufficient to maintain him, and to supply him with the materials and tools of his work, till he has not only completed, but sold his web. This accumulation must, evidently, be previous to his applying his industry for so long a time to such a peculiar business.

2. An article of property, an estate in land, for instance, is valuable on what account? On account of the pleasures of all kinds which it enables a man to produce, and what comes to the same thing, the pains of all kinds which it enables him to avert.

3. The value of our exportations likewise may be much advanced when we perform it our selves in our own Ships, for then we get only not the price of our wares as they are worth here, but also the Merchants gains, the changes of ensurance, and freight to carry them beyond the seas.

4. Freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, in a word, oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, a fight that each time ended, either in a revolutionary reconstitution of society at large, or in the common ruin of the contending classes.

5. Every successive application will commonly excite the feelings less intensely than the previous application. The utility of the last supply of an object, then, usually decreases in some proportion, or as some function of the whole quantity received. This variation theoretically existing even in the smallest quantities, we must recede to infinitesimals, and what we shall call the coefficient of utility, is the ratio between the last increment or infinitely small supply of the object, and the increment of pleasure which it occasions, both, of course, estimated in their appropriate units.

6. Thus by bringing successively land of a worse quality, or less favourably situated into cultivation, rent would rise on the land previously cultivated, and precisely in the same degree would profits fall; and if the smallness of profits do not check accumulation, there are hardly any limits to the rise of rent, and the fall of profit.

7. Economically, the main thing in this process is the displacement of capitalist free competition by capitalist monopoly. Free competition is the basic feature of capitalism, and of commodity production generally; monopoly is the exact opposite of free competition, but we have seen the latter being transformed into monopoly before our eyes, creating large-scale industry and forcing out small industry, replacing large-scale by still larger-scale industry, and carrying concentration of production and capital to the point where out of it has grown and is growing monopoly: cartels, syndicates and trusts, and merging with them, the capital of a dozen or so banks, which manipulate thousands of millions.
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8. To any modern scientist interested in economic phenomena, the chain of cause and effect in which any given phase of human culture is involved, as well as the cumulative changes wrought in the fabric of human conduct itself by the habitual activity of mankind, are matters of more engrossing and more abiding interest than the method of inference by which an individual is presumed invariably to balance pleasure and pain under given conditions that are presumed to be normal and invariable.
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9. Productive expenditure is employed in agriculture, grasslands, pastures, forests, mines, fishing, etc. in order to perpetuate wealth in the form of corn, drink, wood, livestock, raw materials for manufactured goods, etc. Sterile expenditure is on manufactured commodities, house-room, clothing, interest on money, servants, commercial costs, foreign produce, etc.
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10. Reflecting on all this, a husband should choose the better course and secure the agreement, loyalty, and devotion of his wife, so that whether he himself is present or not, there may be no difference in her attitude towards him, since she realizes that they are alike guardians of the common interests; and so when he is away she may feel that to her no man is kinder or more virtuous or more truly hers than her own husband.
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4. **Write an essay on the following topic.**

Contrast the approaches of the classical and neoclassical (marginalist) schools of thought. Explain the impact of the marginal revolution and the emergence of the neoclassical school on theories of price and income distribution.