

ECS3705

May/June 2015

HISTORY OF ECONOMIC THOUGHT

Duration 2 Hours

100 Marks

EXAMINATION PANEL AS APPOINTED BY THE DEPARTMENT

Closed book examination

This examination question paper remains the property of the University of South Africa and may not be removed from the examination venue

EXAMINERS:

- FIRST: DR JS HART
- SECOND: PROF PH VAN EEGHEN
- EXTERNAL: MR DCA FRYER

This paper consists of 24 pages including 5 pages for rough work (pp 20 to 24) plus the special front page

STUDENT NUMBER									

This paper consists of sections A and B, both of which are compulsory

SECTION A

Briefly explain ALL of the following ten concepts, ideas, propositions or arguments. Each question carries 5 marks. A total of 50 marks can thus be earned in this section.

- 1 The wages-fund theory and its relevance to a modern economy [5]

[TURN OVER]

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 Compare and contrast the mercantilist and the physiocratic schools of thought. In your essay pay attention to the following aspects:
- Their differing views on the role of government
 - Their differing views on the nature of wealth
 - Their differing views on the productive contribution of the various economic classes
 - Their differing views on how best to stimulate wealth creation
 - Some criticism and the relevance of their ideas for modern-day South Africa

You can discuss these aspects in any order, and they need not be the only ones you discuss.

- 2 Write an essay on marginalist-neoclassical economics, in which you pay attention to the following aspects:
- Its reaction against the classical school
 - The meaning and role of the concept of utility as a measure of value
 - The meaning and role of "economic man"
 - The reason for its focus on the margin
 - Marshall's demand and supply framework, and the Law of Demand
 - Marshall's theory of factor prices and income distribution

You can discuss these aspects in any order, and they need not be the only ones you discuss.

- 3 Write an essay on the Chicago school of thought, in which you pay attention to the following aspects:
- Rejection of Keynesianism and the role of government
 - Friedman's monetary rule and his restatement of the quantity theory of money
 - Friedman's long-run Phillips curve and adaptive expectations
 - Lucas's long-run supply curve and rational expectations
 - Some criticism and the relevance of its ideas for modern-day South Africa

You can discuss these aspects in any order, and they need not be the only ones you discuss.

[TURN OVER]

