

Written Exam for the B.Sc. or M.Sc. in Economics winter 2014-15

Retake exam

History of Economic Thought

Final Exam/ Elective Course/ Master's Course

Date

(One week take home exam)

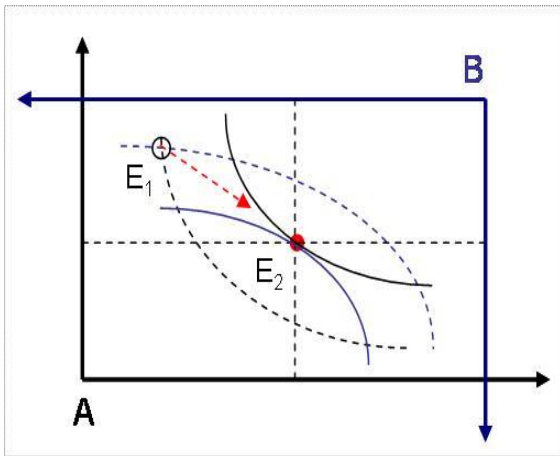
Please note that the language used in your exam paper must correspond to the language of the title for which you registered during exam registration. I.e. if you registered for the English title of the course, you must write your exam paper in English. Likewise, if you registered for the Danish title of the course or if you registered for the English title which was followed by "eksamen på dansk" in brackets, you must write your exam paper in Danish.

This exam question set consists of two page in total. The first three questions to be answered briefly; do not spend more than one page answering each. The fourth question to be answered extensively; however do not spend more than approx. five pages on that question.

1. Adam Smith may only have mentioned “The Invisible Hand” three times in his extensive writings. However, this may be the concept he is remembered the most for! Other writers in the liberal tradition have referred to it repeatedly!

Explain what you think it means!

2. Here you find the version of “Edgeworth’ Box” we used in class; it is an exercise in perfect equilibrium with two consumers and two goods.



Even though Vilfredo Pareto drew the first Edgeworth box, it encapsulate well many of Edgeworth’s ideas about how an equilibrium is reached. What is going on in this Edgeworth Box?

3. When would a Pigouvian tax be needed?
4. In Thomas Piketty’s and Gabriel Zucman’s paper *Capital is Back: Wealth-income Ratios in the Rich Countries 1700 – 2010* (a draft is part of our curriculum, the paper was published in the Quarterly Journal of Economics in 2014) they study (very) long-turn movements in the wealth-income ratios.

Explain and discuss their findings! To say the least, their conclusions are considered controversial – certainly as stated in Thomas Piketty’s book *Capital* (not part of the curriculum). In popular debate, Piketty is being referred to as the “New Marx”. Do you agree with this characterization?