

Written Exam at the Department of Economics winter 2023/2024

History of Economic Thought

Final Exam

16.2.2024

(3-hour open book)

Answers only in English.

This exam question consists of 2 pages in total

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- Make use of exam aids that are not allowed
- Communicate with or otherwise receive help from other people
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- Or if you otherwise violate the rules that apply to the exam

1. The treatment of markets and price formation underwent a profound change with the marginalist approach to economics. Give a description of these changes specifically for the labour market and the determination of the wage rate.

The new orientation in macroeconomics brought about by Keynes once again changed the way in which the labour market was considered by economic theorists. Explain the changes and their role in the Keynesian approach to macroeconomics.

2. The notion of capital has played an important role in economic writings from the mercantilists and to the present day, but its meaning has undergone considerable changes.

(a) Give a comparison of the role played by capital in the works of the classical and the neoclassical economists.

(b) The Cambridge controversy in the 1950s was initiated as a discussion of capital. Explain what the controversy was about as well as its consequences.

3. The explanation of prices as determined by equilibrium of supply and demand was established by the neoclassical economists, but the ideas behind had been around for a long time. Describe how the demand curve emerged in the writings of selected economists before Marshall, and what was added by Marshall to derive the demand curve as we know it today.

The notion of external effects was also introduced by Marshall. Give a brief survey of the way in which Marshall and subsequent economic authors treated the problems caused by external effects.