

**ECONOMICS 338**

**HISTORY OF ECONOMIC THOUGHT SINCE 1870**

**MAKE-UP MID TERM EXAM**

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**Spring 2005**

**Time Allowed: 55 mins.**

**Answer ANY TWO of the following questions.**

Do not use note form. Use diagrams where appropriate.

1. Give an explanation of each of the following:
  - (a) Gossen's two laws of demand
  - (b) Wicksteed and "product exhaustion"
  - (c) Marshall's concept of "consumer's surplus"
  
2. Outline Cournot's discussion of monopoly and the duopoly. Explain how the duopolist's reaction curves are derived and the nature of the duopoly equilibrium.
  
3. Carefully explain Jevons' discussion of utility and exchange. Explain the problems in Jevons' approach and the improvements made later by Edgeworth.
  
4. Explain how Walras went about demonstrating that a decentralized market economy could achieve a general equilibrium. Briefly outline the differences between Marshall and Walras in terms of their concepts of equilibrium and notions of market adjustment.
  
5. Outline and discuss Marshall's treatment of the firm. Detail Marshall's concepts of internal and external economies and diseconomies, and explain his views on the heterogeneous nature of firms, the representative firm, and the limits to the growth of individual firms.

**END**