

**UNIVERSITY OF VICTORIA**

**DEFERRED EXAMINATIONS JULY 2007**

**ECONOMICS 337 S01**

INSTRUCTOR: MALCOLM RUTHERFORD      DURATION: 2 HOURS

TO BE ANSWERED IN BOOKLETS

THIS QUESTION PAPER HAS **ONE** PAGE

**Answers should be written in sentences and constitute a properly constructed answer to the question as asked. Use diagrams where appropriate.**

**Answer ANY THREE of the following questions:**

1. Write a paragraph explaining each of the following concepts or issues:
  2. Hobbes vs Locke on the State of Nature
  3. The Physiocratic concept of “net product”
  4. The “natural price” in Adam Smith
2. What did Smith mean by the “progressive state of society.” In such a state what is happening to real wages, profits, and rents? How did Smith see these trends as affecting the interests of the major social classes and the policies pursued by governments.
3. Carefully explain the wage fund theory of the demand for labour. Outline the treatment of the long run trend of wages in Malthus. Did all Classical economists agree with Malthus’ view?
4. Outline the Ricardian treatment of diminishing returns in agriculture and of rent. Carefully explain the role of diminishing returns in agriculture in the Ricardian “corn model.” What policy conclusions did Ricardo draw from this model.
5. Explain J. S. Mill’s distinction between the laws of production and the laws of distribution. Illustrate this distinction with a discussion of Mill’s views on industrial and agricultural production, property rights, and wages.
6. What determines “Value” in Marx. Explain Marx’s surplus value theory of profit and the nature of the problem that arises in the “transformation” between values and prices.

**END**