Political Economy Questions. Preparation for Qualifier, May 2005

1) There will be a question on Sraffian and/or Marxist economics requiring the use and manipulation of the Sraffian/Marxian linear production and (possibly) value (matrix) models (including possibly our discussion on the Transformation Problem). Be able to do the math and be able to discuss the economics of all associated economic issues.

Then, there will be two from the following.

2) Discuss and characterize the SSA approach. As one part of characterizing the SSA approach, ILLUSTRATE your claims concerning the nature of the SSA with sufficient concrete references to any three of the SSA applications we read in the Kotz *et al* book. (Or the three associated recent articles by Kotz, Wolfson or O'Hara) (not page numbers here, of course - just concrete claims (hopefully correct) as to what the authors specifically said)

3) Characterize and contrast Old Institutionalism (as exemplified by Veblen and Polanyi), New Institutionalism (as exemplified by North) and Radical Institutionalism (as exemplified by any three of the authors we read from that collection)

4) Discuss the following topics in Marxist Political Economy (in the first instance presenting Fisher's and Hunt's views on them, and Marx's view on creative labor from his letter, but beyond that drawing on any of the other authors you want to if you want to, or if you so choose, arguing how your interpretation of Marx from your reading differs from that of Fischer and/or Hunt on any point): i) creative labor, ii) division of labor and alienation, iii) the fetish character of the commodity, iv) Marx's Labor Theory of Value, v) value and surplus value, and vi) profit and capital.

5) Discuss the following topics in Marxist Political Economy (in the first instance presenting Fisher's views on them, and Engels' view on historical materialism from his letter, but beyond that drawing on any of the other authors you want to if you want to, or if you so choose, arguing how your interpretation of Marx from your reading differs from that of Fischer on any point): i) historical materialism, ii) classes and class struggle, iii) the problem of increasing misery, iv) the theory of revolution, v) the labor (proletarian) movement, vi) dictatorship of the proletariat, and vii) socialism and communism.

6) Present, compare and contrast the Marxist ideas concerning moving beyond and being beyond capitalism, including in particular the issues of 1) the state/government, and 2) the human condition, as presented by Lebowitz, Chattopadhyay, Fischer in his first chapter on the dream of the whole man and his chapter on socialism and communism, and Hunt.

7) Discuss any three articles (except Lebowitz or Chattopadhyay) from *Anti-Capitalism*. Be sure to both bring out the essential points of the articles, and, **equally important**, indicate what it is about their presentation that makes them Marxist, that is, what it is about their approach that fits in with the general approach to capitalist economics that was laid out by Marx.

8) Thoroughly discuss the ideas of the authors we read on *evolutionary economics*. Be sure to present how they see their approach differing from the mainstream approach.

9) Thoroughly discuss the ideas we read on *neo-Austrain economics*. Be sure to present how they see their approach differing from the mainstream approach.

Qualifying Exam. Political Economy. Part II. May, 2005.

Answer all three of the following questions.

(35 pts) 1) Discuss any three articles (except Lebowitz or Chattopadhyay) from *Anti-Capitalism*. Be sure to both bring out the essential points of the articles, and, **equally important**, indicate what it is about their presentation that makes them Marxist, that is, what it is about their approach that fits in with the general approach to capitalist economics that was laid out by Marx.

(35 pts) 2) Thoroughly discuss the ideas of all the authors we read on *evolutionary economics*, clearly indicating who stressed which ideas in what we read. Be sure to present what is central to the field of political economy, how they see their whole approach to economics as differing from the mainstream approach.

(30 pts) 3) Industry 1 needs ½ unit of good 1 and ½ unit of good 2 and ½ unit of labor to produce a unit of good 1. Industry 2 needs 1/8 unit of good 1 and ½ unit of good 2 and ½ unit of labor to produce 1 unit of good 1. Let the wage per hour of labor be m.

a) Write out the actual price equations (do not normalize yet) in the Sraffian form used by Woods for this problem.

b) Rewrite the equations from a) normalize on p_1, in terms of p and w, where $p = p_2/p_1$ and $w = m/p_1$.

c) Find the wage - profit frontier, for w and p as defined in the last part. I would prefer you do this all in fractions (as it will be easier) and do not go to decimals and calculators, but I will tolerate the latter if you really must. Indicate as part of your answer what range of r your indicated functional relationship is meaningful over (and explain economically how you determined the limits on r you give)

d) For lots of the homework, we considered consequences of assuming $(l_1a_{11}+l_2a_{21})/l_1 = (l_1a_{12}+l_2a_{22})/l_2$. We argued this condition has what economic meaning concerning the a relation between the two sectors? (To be absolutely correct, one could assume for this part that the value of labor power is given as in the new solution or in Moseley's approach, but you should simply concept as an idea by now.)

e) Give an economic explanation of why we know that this condition is not met, using i) a result from our homework, ii) the price ratio you just derived, and iii) appropriate information that was given concerning production at the beginning of this problem. (That is, I do not want you to calculate the two sides and show they are not equal, but rather to use economic reasoning coming from what we did for homework, in the way I have indicated in the question)

f) Sraffians of course were concerned with how prices changed as distribution changed. If the profit increases, indicate if p_2 will rise or fall relative to p_1. There are two ways you can do this from the information you have above, and I want you to produce the result through both the following ways: i) calculate the appropriate relation between $l_1(l_1a_{12}+l_2a_{22})$ and $l_2(l_1a_{11}+l_2a_{21})$ and use that to get the desired result (you should remember the nature of the relation, as we used it a lot in the home works - as to how inequality signs go when you need them, you should be able to figure that out by economic reasoning), and ii) use the wage - profit frontier you derived above and what you know about the how its shape relates to this issue. Be sure to answer the question that is asked, and be sure to indicated clearly how you established your answer.