



KANDIDAT

10019

PRØVE

POL2012 1 Teorier og modeller i politisk økonomi

Emnekode	POL2012
Vurderingsform	Skriftlig eksamen
Starttid	29.11.2021 09:00
Sluttid	29.11.2021 13:00
Sensurfrist	20.12.2021 23:59
PDF opprettet	30.11.2021 19:46
Opprettet av	Marius Swane Wishman

i POL2012 høst 2021**Institutt for sosiologi og statsvitenskap****POL 2012: Teorier og modeller i politisk økonomi**

Dato 29.11.2021

Eksamenstid: 09:00-13:00

Tillatte hjelpemidler: Ingen

Faglig kontakt under eksamen: Marius Swane Wishman **Tlf:** 47056893

ANNEN INFORMASJON:

Skaff deg overblikk over oppgavesettet før du begynner på besvarelsen din.

Les oppgavene nøye, gjør dine egne antagelser og presiser i besvarelsen hvilke forutsetninger du har lagt til grunn i tolkning/avgrensing av oppgaven. Faglig kontaktperson skal kun kontaktes dersom det er direkte feil eller mangler i oppgavesettet. Henvend deg til en eksamensvakt hvis du ønsker å kontakte faglærer. Noter gjerne spørsmålet ditt på forhånd.

Vekting av oppgavene: Eksamen består av to deler som vektes likt.

Varslinger: Hvis det oppstår behov for å gi beskjeder til kandidatene underveis i eksamen (f.eks. ved feil i oppgavesettet), vil dette bli gjort via varslinger i Inspira. Et varsel vil dukke opp som en dialogboks på skjermen. Du kan fi igjen varselet ved å klikke på bjella øverst til høyre.

Trekk fra/avbrutt eksamen: Blir du syk under eksamen, eller av andre grunner ønsker å levere blankt/avbryte eksamen, gå til "hamburgermenyen" i øvre høyre hjørne og velg 'Lever blankt'. Dette kan ikke angres selv om prøven fremdeles er åpen.

Tilgang til besvarelse: Etter eksamen finn du besvarelsen din i arkivet i Inspira. Merk at det kan ta én virkedag før eventuelle håndtegninger vil være tilgjengelige i arkivet.

1 Del 1

Del 1

Svar på **ALLE** de følgende spørsmålene (50%):

Spørsmål 1: Forklar Ricardo's teori om leie.

Spørsmål 2: Modeller og forklar en endring i etterspørsel.

Spørsmål 3: Anta at Italia kan produsere enten 120 tonn oliven eller 7000 liter rødvin, og at Hellas kan produsere enten 80 tonn oliven eller 2000 liter rødvin. Bruk Ricardo's teori om handel til å forklare potensiell handel mellom de to landene.

Spørsmål 4: Forklar Marx's teori om fallende profi

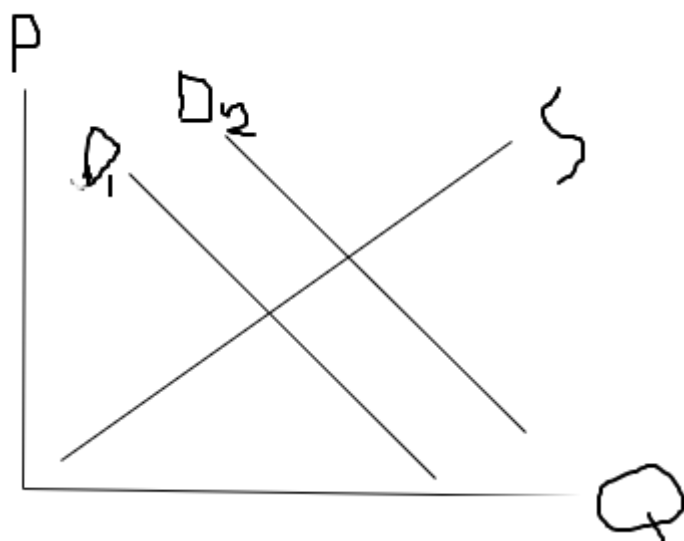
Spørsmål 5: Hva er de vanligste analyseenhetene i den neo-klassiske tradisjonen?

Spørsmål 6: Forklar hvorfor jordreform er et sentralt første steg innen økonomisk utvikling i følge Studwell (2013).

Spørsmål 7: I følge Bates (2008), hva er problemet med det han kaller 'kontrollregimer' ('control regimes')?

Skriv ditt svar her**Spørsmål 1**

Ricardos theory of rent states that profits going to the capitalist/farmers will be squeezed between rent going to the landowners and wages going to workers. As more and more land is taken into production, less quality land will be used. The marginal productivity of land decreases. Rent from the land is stated as the overall economic output of the land subtracted by the output of the last marginal unit of land taken into production. Wages is seen as stable, as this will be kept at the lowest possible level at all times. As less productive land is taken into production, rent eats up the profits of the farmer. Taken more land into production also increases the demand for labour which can raise wages based on supply and demand. This can utterly squeeze profits.

Spørsmål 2

This model shows an increase in demand. This is based on supply and demand theory. As the price of a commodity increases more producers are incentivized to contribute to supply the market. As price falls more consumers are able and willing to purchase larger quantities of a commodity. An equilibrium is found at a price where both producers are willing to produce a certain quantity and sell it at a certain price, and the consumers are willing to buy that quantity at that price. An example of a cause for a sudden shift in demand can be a trend that makes a certain commodity popular among consumers. This causes the demand-line to change, from D_1 to D_2 . The increase in demand leads to a larger quantity of that commodity being sold at a higher price, as seen in the model.

Spørsmål 3

Ricardo's theory of trade is based on the notion of comparative advantages. This states that a country does not need to have an absolute advantage (producing a commodity more effectively than others) to engage in trade, it only needs a comparative advantage. The comparative advantage is based on the opportunity cost of each country. This is the idea that a country has limited capacity to produce commodities and must therefore choose between producing certain amounts of different commodities. In this example the opportunity cost for Italy to produce a ton of olive is ca. 58 liters of red wine. For Greece this opportunity cost is 25 liters for a ton of olives. Even though Italy has an absolute advantage by being able to produce more of these products, they can benefit from trading with Greece. This is because Greece has a lower opportunity cost, so instead of sacrificing the production of ca. 58 liters of red wine for a ton of olive, it can trade with Greece at a price below this and therefore get more of both products.

For Greece this is also beneficial if the price is above 25 liters. A price for a ton of olives between 25 and ca. 58 liters would therefore lead to both countries getting more than if they were to produce both commodities themselves. Looking at the opportunity cost it is also evident that Italy should specialize in making red wine and Greece in producing olives. This specialization can also lead to greater output through division of labour.

Spørsmål 4

Marx' theory of the falling rate of profit starts with the decrease of the marginal productivity of labour. Expanding a business with labour also requires capital investments in a larger factory, more tools and/or machines for this labour to use etc. This means that the output of each new unit of labour is lower relative to the economic input needed to sustain this expansion. Hiring more workers also increases demand for labour causing the price of labour (wages) to rise. This can lead to a greater focus on capital investment instead of labour in expanding a business, for example in new technology. This creates a short-term benefit, but because of the competition in the capitalist system this benefit is lost when competing businesses invest in the same technologies. The result from this bigger capital investments without gaining competitive advantage. The rate of profit will therefore decrease because of larger and larger capital investments. This also plays into Marx' theory of labour, since all value eventually comes from labour, the relative lower output of this will have negative effects on the rate of profit. A falling rate of profit eventually leads to fewer capitalists being willing to invest, which causes the economy to come to a halt. Marx' acknowledged some factors that could delay this effect. The first of this is that labour becomes more effective and increases its relative output. The cost of capital could also be lowered, for example through lower prices on wood or iron caused by increasing import.

Spørsmål 5

The most common units of analyses in the neo-classical tradition is individual consumers or individual firms. This is to large extent because of the use of marginal analyses.

Spørsmål 6

Many less developed economies has a large agricultural sector, as the case was in south-east Asia. An agricultural reform is therefore central for more effective production in this sector, creating a, although small, economic surplus for a large portion of the population. This primes the demand for commodities which is needed for the manufacturing stage of economic development.

Spørsmål 7

Bates focuses on the role of ruler in a society. The ruler can choose to be a protector of the community, and get rewarded for this for example through taxes. The ruler can also choose a more predatory approach and basically steal from the community. This gives greater short-term income, but causes political instability and which according to Bates leads to the community creating a militia to oppose the ruler. A control regime is at the center of very centralized power, with little political input from the people it rules through democratic processes. There is therefore a big opportunity for exploitation. The time horizon of the rule is also important. A control regime can often be opposed because of political instability, but also pressure to be more democratic from the international community. This can make short-term profits more attractive than long term stability. An issue with control regimes is also the lack of independence of different important national institutions such as the central bank. This gives the opportunity to make fiscal and monetary policies which can be beneficial in the short-term, but lead to inflation and a stagnated economic growth.

2 Del 2

Svar på 1 av følgende spørsmål (50%):

Spørsmål 1: Forklar enten den vellykkede økonomiske utviklingen eller mislykkede økonomiske utviklingen i et valgfritt land, fra et 'evolutionary economics'-perspektiv.

Spørsmål 2: Velg et relevant teoretisk perspektiv å diskutere problemet med økonomisk ulikhet, samt mulige botemidler.

Spørsmål 3: Diskuter den globale finanskrisen (2008-2009) i lys av en statsgjeldkrise, slik tilfellet var for Hellas og Island.

Skriv ditt svar her**Spørsmål 2:**

This assignment will use theories from institutionalism to discuss economic inequality. Institutionalism was in many ways a response to the assumptions and simplifications used in neo-classical theory. Where neo-classical theorists had simplified and generalized the intentions of consumers and firms, institutionalism complicated these actors. Institutionalism also brought back some of the more societal and political sides of political economy. This was also to a degree based on a more inductive approach to political economy, looking at how the economy had developed and would continue to develop, and by this going beyond immediate equilibriums. A central figure in institutional theory is Veblen. Veblen was concerned that the growing inequalities at the time created a leisure class. The leisure class was a class which consumed goods in a way that to a low degree stimulated the economy, what Veblen called conspicuous consumption. Another questionable side of this consumption is the utility. Does a more expensive commodity, such as a brand new sports car, have such a greater utility compared to a normal car relative to the price. Veblen saw the flaws of society as a whole to underpin these issues. A society of mass consumption and economic inequality creates consumers which are never satisfied, because there is always someone with "better" commodities, a nicer car. This can leave consumer vulnerable to the influence of corporations. This leads into the role of power in a society with growing inequality.

Galbraith divided power into three different forms: codign power, compensatory power, and conditioned power. Codign power is the power of direct reprecutions. An example of this can be the state power to send you to jail for breaking the law. Compensatory power is the economic power to compensate, for example through wages. Conditioned power is less clear, but can be the power to change someones opinion or views through marketing and such. This will be relevant when I later look at the distribution of power and how economic inequality shapes this. Galbraith was also concerned about the development of corporations and how this affected the market. Galbraith looked at the separation of power between the ownership of a corporation and what he called the technostructure within the corporations. With rapid technological development the highly educated engineers and managers within the structure become more and more important. While owners of a company always seek economic surplus, these actors might have other ambitions, such as increasing the bureaucracy and expanding the internal structure. As corporations grew bigger, and the technological development increased in speed, the need of a more planned economy would come into play according to Galbraith. Large corporations would then create their own planned economy and shape demand. This introduced the producers sovereignty as opposed to the consumers sovereignty proposed by neo-classical theories. Using Veblen's theory of the leisure class and Galbraith notion of power and the producers sovereignty, points to how consumers (because of their desire of a higher quality of consumption) is vulnerable to corporations using conditioned power through marketing and such to shape demand. This can cause short-term consumption to be prioritized over more long-term societal goals such as environmental problems and social inequalities. This could also utterly increases corporate power, and inequality either to a increase in profits for the owners or wages and expansion for the highly educated technostructure.

A certain actor in opposing these tendencies is an interventionist state. The state can try to combat this in different ways. Redistribution of wealth through taxation is central here. A progressive tax system which benefit the public. This is however complicated. In todays globalized economy it is relatively easy to escape a great deal of taxation by moving abroad, moving firms abroad, offshore bank accounts and such. This is shown through for example the disclosure of the panama papers. For this system to be waterproof, it would need a greater international effort to align economic policies. It can however contribute to some degree of redistribution and also government income. Another way of looking at the solutions of inequality is focusing on those that are left out of the economic growth, and helping these. An universal

basic income has been popularized in recent years. This would to a lesser extent deal with the top 1% and rather try to solve the problems of poverty, although the risk of inflation could be a problem. This would also not deal with the inequalities in economic power. Looking at Veblen's broader issue with society, this could also just fuel the mass consumption underpinning societal problems.

As mentioned previously Veblen questioned the utility in conspicuous consumption. The utility of this consumption can however be put in a different light. Buying a brand new sports-car with brand new technology can help creating demand of this technology. This would create incentives for producers to develop this technology making it more efficient and compete to make it cheaper for the producer. In the planned economy of big corporations of Galbraith this seems unlikely, but it points to the economic power of the modern leisure class to consume in a way that can help develop the economy and technology for the betterment of society. This has some strong underlying assumptions about the rich having the information of new technologies and also are willing to buy this. This brings a more evolutionary view of consumption into some of the problems pointed out by institutionalism.

The debate of inequality often boils down to deeper questions of what is fair. Is the amount of wealth of the top 1% a fair reward for their contributions to society. Is a redistributing tax policy fair, since it takes away a great amount of wealth. This is questions which to a greater extent is a discussion of values and what kind society one wants. Institutionalism can to some degree however point to issues with today's inequality. From Veblen comes the issues of the leisure class and a never satisfied mass consumption. From Galbraith one can trace the issues of distribution of power being greatly affected by economic inequality. It is hard to see a clear solution to these issues, especially because of the continued increasing powers of international corporations such as Meta and Google in today's society. Institutionalism points towards an interventionist state, this is however also complicated in today's globalized economy. The problems of inequality might be traced to deeper underlying societal factors such as values and the societal focus on consumption and continued economic growth.

Besvart.