

Malthus and Ricardo only — KEY

Exam 2 Practice · HL chs. 4–5 · Exam: Tuesday, Nov 3 ·
11:00 am–12:15 pm

Name _____

How to use this. The real exam is 9 multiple choice, 6 fill in the blank, and 2 of 3 essays, closed book, in a bluebook. Exam 2 covers Malthus and Ricardo only, HL chapters 4 and 5. Bentham, Say, and Senior are not on it; they move to Exam 3. This has twice the short questions and four passage exercises in place of the essays. The essays on Tuesday will not be these questions, but they will ask you to reason the way Part III shows you. The gray tag on each question names the level of *Who Gets Paid* (who-gets-paid.pages.dev) where you can do the arithmetic by hand and be asked to explain it. Page numbers are Hunt & Lautzenheiser, printed pages.

Part I. Multiple choice

18 questions

One answer each.

1. Malthus: population, when unchecked, increases in a geometrical progression that doubles itself every [Level 5]
 - A. ten years
 - B. **twenty-five years**
 - C. fifty years
 - D. century
2. On Malthus's account, every check that represses the power of population resolves into [Level 5]
 - A. war, famine, and plague
 - B. **moral restraint, vice, and misery**
 - C. emigration and late marriage
 - D. the poor laws and the workhouse
3. In the eighteen-pence passage (p. 76), Malthus argues that raising a laborer's wage to five shillings a day would [Level 5]
 - A. let him eat meat every day
 - B. raise the nation's produce by raising its demand
 - C. **tempt him into leisure, check industry, and leave the poor more distressed than before**
 - D. be paid for out of rent rather than profit
4. Malthus says the "first obvious tendency" of the English poor laws is to [Level 5]
 - A. **increase population without increasing the food for its support**
 - B. raise the price of corn
 - C. reduce rents
 - D. turn laborers into proprietors

5. Against Smith, Malthus holds that the profits of capital [Level 6]
- A. are a deduction from the produce of labor
 - B. **are not correctly represented as a deduction from the produce of labor**
 - C. are a form of rent
 - D. tend to zero in the long run
6. Hunt and Lautzenheiser's "vantage point" claim (p. 79) is that [opening]
- A. Smith was a harmony theorist and Ricardo a conflict theorist
 - B. **looking at capitalism from production leads to a class-conflict view, and from exchange to a social-harmony view**
 - C. utility and labor theories are two names for one theory
 - D. the landlord's interest is opposed to every other class
7. In Malthus's theory of gluts, the ultimate cause of a general glut is [Level 5]
- A. too much consumption by laborers
 - B. a shortage of money
 - C. **excessive profits leading to an unsustainable rate of capital accumulation**
 - D. diminishing returns on the land
8. Malthus's remedy for gluts was to rely on a class with "both the will and power to consume more material wealth than they produce," namely [Level 5]
- A. the laboring class, through higher wages
 - B. merchants
 - C. **the landlords**
 - D. the state, through public works
9. Hunt and Lautzenheiser's verdict on Malthus is that [opening]
- A. both the population theory and the gluts theory are sound
 - B. both are unsound
 - C. **the population theory is unsound and the gluts theory is his lasting contribution**
 - D. the population theory is sound and the gluts theory is a confusion
10. Ricardo defines rent as that portion of the produce "paid to the landlord for the use of the [Level 4]
- A. capital he has invested in the land"
 - B. **original and indestructible powers of the soil"**
 - C. buildings and improvements on the land"
 - D. his political protection"
11. Three grades of land yield net produce of 100, 90, and 80 with equal capital and labor. When all three are cultivated, rent on No. 1 and the profit of each farmer are [Level 4]
- A. 100 and 0

- B. 10 and 90
 - C. **20 and 80**
 - D. 0 and 100
12. Which class, on Ricardo's account, has an interest "always opposed to the interest of every other class"? [Level 4]
- A. capitalists
 - B. laborers
 - C. **landlords**
 - D. merchants
13. Repeal of the Corn Laws, in the corn model, [Level 4]
- A. moves the margin of cultivation outward and raises rents
 - B. **moves the margin inward, lowers rents, and raises the rate of profit**
 - C. raises wages above subsistence permanently
 - D. leaves distribution unchanged and lowers total output
14. Malthus's objection that pushed Ricardo to a theory of prices was that [Level 3]
- A. **profits depend on prices, which depend on supply and demand, so nothing follows about profit from a rise in wages unless prices stay put**
 - B. rent is a cost that enters price
 - C. labor cannot be measured in hours
 - D. corn is not the only wage good
15. For Ricardo, utility is [Level 1]
- A. the regulator of exchangeable value
 - B. irrelevant to value
 - C. **necessary for a commodity to have exchangeable value, but not what regulates it**
 - D. the same thing as scarcity
16. Ricardo says natural agents such as air, heat, and water "perform their work gratuitously," so they [Level 2]
- A. add to exchange value in proportion to their usefulness
 - B. **add to value in use but nothing to value in exchange**
 - C. earn a rent for their owner
 - D. must be counted as past labor
17. In Hunt and Lautzenheiser's Tables 5.1 and 5.2, when the wage doubles and the profit rate falls from 50 to 10 percent, the price of the capital-heavy good x [Level 3]
- A. rises in proportion to the wage
 - B. stays the same
 - C. **falls, from \$15.21 to \$10.62**

D. cannot be computed without the labor ratio

18. The “invariable measure of value” Ricardo wanted would be a commodity [Level 3]

A. produced by labor alone, with no capital

B. **produced with the same proportions of fixed and circulating capital as all other things**

C. whose price never changes for any reason

D. made of gold, because gold is scarce

Part II. Fill in the blank

11 questions

One or two words per blank.

1. Malthus: population, unchecked, increases in a **geometrical** progression. [Level 5]
2. Food, at the very most, increases only in an **arithmetical** progression. [Level 5]
3. “The worth of a commodity . . . is its market price, not its **natural** price” (Malthus, p.83). [opening]
4. Malthus’s cure for gluts required a class of **unproductive** consumers, led by the landlords. [Level 5]
5. The marginal parcel in use, the worst land cultivated, pays **zero** rent. [Level 4]
6. In the corn model the rate of profit is the farmer’s profit divided by the **wages** he advanced. [Level 4]
7. For Ricardo, a tool or machine is **past** labor. [Level 2]
8. A loom, Ricardo says, is “so much partly produced **cloth**.” [Level 2]
9. Dobb: Ricardo substituted **labour** for corn as the quantity in which product, wages, and surplus were alike expressed. [Level 5]
10. Hunt and Lautzenheiser reduce Ricardo’s three special cases to one: differences in the **timing** of labor inputs, past relative to present. [Level 3]
11. Ricardo “tentatively and provisionally” took **gold** as his invariable measure of value. [Level 3]

Part III. Four passages, and how to reason from them

Tuesday's essays will not be these questions. They will ask you to do what these ask you to do: take a passage, say what it claims, show the mechanism, and say what follows for who gets paid. For each one below, write 200–300 words in a bluebook, closed book, timed at fifteen minutes. Then check yourself against the “must show” list (printed in this key).

1. The vantage point. HL p. 79, the paragraph beginning “When Smith examined capitalism from the vantage point of production.” [opening]

What it claims: whether an economist sees harmony or conflict is decided by where he stands, production or exchange.

How to reason from it: pick Malthus or Ricardo. Say which vantage point he takes and quote or paraphrase one claim of his that shows it. Then show what follows: does he see profit and rent as deductions from what labor made, or as payments for contributions? End by saying what he has to take for granted to see it that way.

The kind of question this becomes: “Malthus the population theorist and Malthus the gluts theorist stand in different places. Where, and what does each place let him see?”

Must show: the two vantage points stated correctly; one thinker placed with evidence; the deduction-vs-contribution consequence; what the exchange vantage takes as given (existing ownership, p. 79).

2. The eighteen pence. HL p. 76, Malthus on raising wages to five shillings. [Level 5]

What it claims: a higher wage would buy leisure, not meat, and leave the poor worse off.

How to reason from it: reconstruct the chain step by step (wage up, then what, then what). Name the assumption about workers that makes each step go. Then put it beside Ricardo, for whom the wage is the basket of necessities and a dearer basket lowers the rate of profit (Level 5): same mechanism, or a different one? Finish with the one piece of evidence that would change your mind.

The kind of question this becomes: “Malthus and Ricardo both hold the wage near the cost of necessities. Show that their reasons are the same, or show that they are different.”

Must show: the mechanism in order; the assumption about incentives; Ricardo's wage as the basket of necessities; profit falling when the basket gets dearer; a stated test.

3. Three grades of land. HL p. 93, Ricardo's No. 1, No. 2, No. 3 with net produce of 100, 90, 80.

[Level 4]

What it claims: rent on each parcel is its produce minus the produce of the worst parcel in use, and every farmer's profit equals that worst parcel's net produce.

How to reason from it: do the arithmetic for one, two, and three parcels in cultivation, in a table. State the rule in one sentence. Then move the margin for a reason (population, or cheap imports) and say who gains and who loses, with numbers. Finish with p. 96: why Ricardo says the landlord's interest is opposed to every other class.

The kind of question this becomes: “With these numbers, show what the Corn Laws cost the capitalist and what their repeal would cost the landlord.”

Must show: rents with one, two, three parcels in use (0; then 10, 0; then 20, 10, 0) and profit 100, 90, 80; the margin rule; a shifted margin with numbers; the p. 96 claim and why it follows.

4. Same labor, different prices. HL pp. 104–105, the two firms, and Tables 5.1–5.2 on pp. 110–111. [Level 3]

What it claims: when capital is paid out at different times, a change in wages changes relative prices

although the labor in each good has not changed.

How to reason from it: with your own small numbers, price two goods with equal labor but different timing at two profit rates. Show the ratio moving. Say exactly what moved it. Then say what this does to the claim that labor regulates value, and why Ricardo kept the theory anyway (p. 112: the wage–profit relation; pp. 113–114: the measure he wanted and did not find).

The kind of question this becomes: “Ricardo admitted that prices are not proportional to labor embodied. Why did he not abandon the labor theory of value?”

Must show: two goods, same hours, different timing; prices at two values of r with the ratio changing; profit compounding on early labor as the cause; what the LTV still delivers (profit falls when wages rise); the invariable measure and gold.

Essay rubric, same as Exam 1. Argument: a clear position stated and sustained. *Evidence:* passages, pages, or examples named and used. *Understanding:* the thinker engaged in his own terms; anachronism and unsourced generalization lose points.