Manual Of References And Exercises In Economics For Use With Volume 1. Economic Principles

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FOREWORD

The literature of economics is so extensive that a complete bibliography of some single chapters of a general text would fill a book. Many of the books cited below on special topics contain elaborate special bibliographies. General texts in economics are, with rare exceptions, not included here; the student can conveniently consult them on any topic by means of the index with which each of them is provided. Large use has been made, however, of the several volumes of selected readings in economics which have appeared within the past few years and which now are to be found in most college libraries. These are cited under brief titles as follows:

*Materials,* for Materials for the study of elementary economics, by members of the department of political economy of the University of Chicago, 1913.

*Readings, Bullock,* for Selected readings in economics, C. J. Bullock (ed.), 1907.


It is more than questionable whether the student of an elementary text should be required to read extensively outside in the more or less controversial literature of the subject. This is especially true of the field of the principles, covered in Volume I, where careful drill in definition and clear thinking are more to be sought than voluminous reading. Accordingly, no attempt has been made to cite the many writings that have contributed to the development of economic doctrine in its details in the last half century. The names of the authors and of their writings are to be sought by the more advanced student of theory in the voluminous special literature of the subject.

Where the conception developed in the text and the grouping of materials are along unconventional lines, the references in some cases represent a somewhat different point of view from that of the text, but are valuable for their suggestiveness. In other cases preference has been given to concrete examples embodying the principles presented.

The standard encyclopedias such as the American, the Britannica, the International, Johnson, etc., give large and increasing space to
economic questions. The following are the chief special encyclopedias in this field:
Bliss, Encyclopaedia of social reform (new ed., 1908). (A good popular handbook for American readers.)
Conrad, J. (ed.), Handwörterbuch der Staatswissenschaften (3d ed. in 7 vols., 1900). (The largest and best, especially for European subjects.)
Lalor, J. J., Cyclopaedia of political science and political economy, 3 vols. (Chicago, 1882). (Many good articles, but now much out of date.)
Palgrave, R. H. L. (ed.), Dictionary of political economy, 2 vols. (1894–1899). (Good; English in point of view, with some American contributions.)
The exercises and questions here given are not intended merely to provide a quiz-list to test the student's memory on the reading. Their purpose is to stimulate the student's interest, quicken his observation, and to clarify his understanding of the principles by giving some drill in their use. They may helpfully be assigned in advance of the recitation, or, in other cases, used as a review. The present list contains only a part of the widely used questions given in the appendix of the author's "Principles of Economics" (1904, amplified in the third edition, 1911), the sources of which were there indicated. Many other questions and exercises that have been used in class work and in examinations in Princeton University and elsewhere have been added. Preference has been given, in this selection, to exercises of an arithmetic nature.
The following rules regarding written work have been found useful:
1. The student should have a slide rule, a common ruler, a triangular scale, one bottle each of black, blue, red and green India ink, a ruling pen, a compass, a protractor, ordinary pen and ink, unruled paper size 8 × 10½, cross-ruled paper and outline maps of the U. S.
2. All work should be finished with pen and ink, and the diagrams with India ink and a ruling pen.
3. Construct diagrams whenever it is thus possible to illustrate better the statistical data.
4. Use the line diagram for statistical comparisons extending over a series of time intervals, and the column, square, rectangle, circle or other device for comparisons of synchronous data.
5. Use the unrulled paper for all exercises not requiring the simple line diagram, and cross-ruled paper for the latter.
6. References to the sources should always be given in full.
7. Each statistical table should be complete on a separate sheet if possible.
8. Enclose completed work in a manila cover.

Particular acknowledgment is made to my colleagues, Professors W. M. Adriance and D. A. McCabe, who originated a number of the most interesting and useful of the exercises, and to Dr. Stanley E. Howard, instructor in economics in Princeton University, for highly valued collaboration in the preparation of the copy in its present form.

The author will gratefully receive from teachers suggestions as to additional references and exercises that might desirably be included in a later edition.

Princeton, September, 1916. 

F. A. F.
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CHAPTER 1
PURPOSE AND NATURE OF ECONOMICS

REFERENCES.

Cossa, Luigi, An introduction to the study of political economy, 1893.
Keynes, J. M., The scope and method of economics. 1890 (2d ed. 1897).
Palgrave, Dictionary. Articles on "Economic science" and "Method of political economy."

QUESTIONS.

1. Has political economy anything to do with woman suffrage, the liquor problem, a republican vs. a monarchical form of government, the silver question?
2. Is economics a study of things or of men?
3. Shall a piece of coal be studied in geology, botany, physics, chemistry, or economics?
4. Do you expect to acquire wealth more easily as a result of the study of economics?
5. Of what practical use do you think economics is?
6. Is economics necessary to the understanding of the business world, or vice versa?
7. How wide a knowledge would a complete understanding of industrial society require?
8. Did the discovery of America make the study of economics more important?
9. In what respect are the laws of political economy like the laws of the physical sciences; and in what respect, other than their subject matter, do the laws of political economy differ from the laws of the physical sciences?
10. What well known method of discovery commonly used in the physical sciences is incapable of employment in economics, and why?

CHAPTER 2

CHOICE AND VALUE

REFERENCES.


Source Book, 275–283.

QUESTIONS.
1. If you found $10 today on the street, what would you do with it?
2. What would be the chief differences between your use of money now and at the age of five or the age of twelve?
3. Name Crusoe’s wants in order of their importance.
4. Why did Crusoe work at all?
5. When Crusoe began to work at one thing, why did he ever stop to work at another?
6. Are the desires of a savage more easily satisfied than those of civilized men? Why?
7. What is it to be economical of money?
8. Have any goods intrinsic value? Prove your answer by two examples.

CHAPTER 3

GOODS AND PSYCHIC INCOME

REFERENCES.


McDougal, Social psychology, 1908, pp. 1–18.

Questions.

1. Is a book full of useful information an economic good? Is a head full of useful knowledge an economic good?
2. Is a ship at the bottom of the ocean, or gold in the mine, an economic good?
3. Are services, music, a theatrical performance, a gambler’s pack of cards, economic goods?
4. How many motives led you to come to college?
5. If you ever worked for wages, or a salary, was that the only motive? What else?
6. If you could, would you do nothing always? Why?
7. Do men work better under threat or when their pride is appealed to?
8. Is pride as powerful a motive as greed, in economic action?
9. Give examples of personal services that are most immediately expressed as gratifications.
10. It was once usual to say that the teacher did not produce goods and the ditch-digger did; give reasons for and against such a statement.
11. A spends a certain sum for food and clothing; B buys liquor, becomes intoxicated, and causes a railroad wreck; C buys a grand opera ticket; D contributes to a fund for the provision of free lectures on hygiene in a congested section of a large city. State whether the individual in each case is actuated by economic motives. State clearly the reasons for your opinion in each case.
12. Do people actually expend their incomes so as to get the maximum benefit judged by a standard they would admit to be morally sound?

CHAPTER 4

PRINCIPLES OF EVALUATION

References.
Smart, chs. IV–IX. (See comment under ch. II.)

Questions.

1. Do you ever take account of a difference of five cents in deciding whether to purchase?
2. If you never eat corn-bread, will the failure of the corn-crop affect your grocery bill?
3. What are complementary goods? Give some illustrations.
4. Is the last bait worth more when the fish are biting well?
5. Give examples of cases where part of a stock of goods is worth more than the whole.

6. A, B, C, and D represent four different sets of commodities. A stands for food, B for clothing, C for shelter, D for ornaments. The commodities exist in homogeneous increments. The first increment of A yields ten units of gratification; that of B, eight units; that of C, six; and that of D, three. Successive increments of each commodity yield one unit less of gratification. If each separate desire could be completely satisfied, how many increments of A, B, C, and D would be consumed?

Illustrate fully, and from your illustration derive a law of the choice of goods.

7. On a certain day a farmer comes to the village with a single bushel of new potatoes (all that have been brought that day to market), for which various persons are willing to pay the following (maximum buyer's) prices: A, $1.00; B, $.98; C, $.96; D, $.95. If the seller will not sell less than the whole bushel, what is the highest price he can get? How can he get the maximum possible price, and how may he be obliged to take less?

8. In a horse market there is at a certain time but one horse that meets the wishes of five prospective purchasers, who have in mind as subjective maximum buyer's valuations: A, $155; B, $148; C, $147; D, $146; E, $145. The seller, V, has in mind $135 as his subjective minimum valuation. In an open auction who will the purchaser be, and why?

9. John has twenty apples which he wishes to trade, and he has in mind as the maximum number he will give for other articles as follows: 7 apples for m, 5 for n, 4 for o, 2 for p, 6 for m' (a second unit of m), 3 for n', 1 for q, 1 for p'. He finds that the ratios of exchange prevailing on the market are as follows: m for 5 apples; n for 4; o for 3; p for 2; q for 1. How will he divide his purchases and why? Diagram as far as possible.

CHAPTER 5

TRADE BY BARTER

References.


Readings, Bullock, 387-399.

Source Book, 3-7, 8-14.