

QUESTIONS ON THE PRINCIPLES OF ECONOMICS

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BY

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PREFACE

MASTERY of the principles of Economics demands more than a reading of text-books and supplementary selections. It calls for frequent and thoughtful consideration of problems, concrete and abstract, by which conceptions may be clarified, truths driven home, fallacies laid bare, and powers of analysis and discrimination developed. To furnish material for such discipline is the general design of this collection of questions.

More specifically, such a collection in the hands of students in an introductory course in Economics may serve four main purposes:

(1) Most obviously, the questions may stimulate the student's interest. Assigned in conjunction with portions of a text-book or collateral reading, they may tempt the student to relate for himself the abstract analysis to concrete conditions and events which he may observe, and find for a general argument its everyday, near-at-hand applications.

(2) Secondly, such questions may aid in giving the beginner his points of compass in a first journey through a somewhat intricate subject. Thus he may more speedily acquire a sense of direction and proportion, a true perspective, which is easily missed in making the usual swift reconnaissance of the field of Economics.

(3) In the third place, the questions may serve to prepare the way for more pointed and effective classroom discussion. By making the student's thinking less extemporaneous and haphazard, they may strengthen and deepen the analysis of more difficult points, and furnish a helpful plan for ordering and mastering the significant details of the simpler material. The authors believe this can be done without emasculating the text.

of oral or written quizzes, and without weakening the student by furnishing unnecessary props.

(4) Finally, by suggesting possible differences of opinion, the problems may arouse a questioning, combative mental attitude which conduces to independent thinking — an exercise whose satisfactions few sophomores appreciate; and by implying the shallowness or fallaciousness of certain commonly accepted catchwords or doctrines, they may promote an invaluable alertness of mind and encourage the student to lay a few bricks in a new intellectual structure of his own.

The book is arranged particularly for use with Professor Taussig's "Principles of Economics" (revised edition, 1915). Accordingly, the questions cover the general range of subject matter and are arranged and numbered in the sequence of that work, — e.g., question 27. 2 is the second question on Chapter 27. Similar collections already published contain a vast amount of excellent problem material, but this is in a form difficult for the ordinary student to use in connection with a text-book built on a different plan. To be most effective as a teaching device and as an aid to study, such a collection needs to be thoroughly accessible and easy to use. It is therefore expected that this book will be serviceable chiefly in the hands of students who are using Taussig's "Principles" as a text-book, and who will go through the questions chapter by chapter as they read the text. At the same time, the use of the questions with other text-books is not precluded, inasmuch as they are grouped under more or less traditional topics and are not commonly couched in phraseology peculiar to Taussig. Furthermore, many of the questions are far from being simple and elementary, and may profitably be considered by more advanced students, especially by those who have not had the advantage of a thorough introductory course. Indeed, in using the book in elementary courses, instructors will ordinarily find it advisable to "star" for omission certain questions on nearly every chapter, in order to limit the student's burden to "what the traffic will bear." The authors have refrained from making this selection in ad-

vance, believing that it may best be done with special reference to local needs.

A few of the questions here presented are frankly borrowed from previously published collections; and in such cases, except where the appropriation has been unconscious or accidental, credit has been given by appropriate initials. Acknowledgments are here made for adaptations or quotations of questions from F. A. Fetter's "Principles of Economics" (Fet.); I. Fisher's "Suggested Problems for Teachers" (F.); S. Newcomb's "Principles of Political Economy" (N.); W. G. Sumner's "Problems of Political Economy" (S.); F. M. Taylor's "Principles of Economics" (T.); and the University of Chicago "Outlines of Economics" (O.). More of the questions have been drawn from a stock accumulated through several years in the hands of the instructing staff of the introductory course in Economics at Harvard University. Most of the question material, however, has been drafted by the authors during the past year with the specific purpose of the present book in mind. Even for this part no thoroughgoing originality can be claimed, so pervasive is the influence of the thoughts and phrases of others. But it is hoped that sufficient freshness of form and substance may be observable to justify the pretension of authorship.

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CAMBRIDGE, MASS.,
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WEALTH AND LABOR

1. 1. Which of the following are economic goods: a Victor record; the moon; opium; the sunken *Titanic*; an athletic field; New York harbor; Caruso's voice; a five-dollar gold piece; a five-dollar bill; a mortgage; the registered trade name "Uneeda"; electricity; a primeval forest; a band concert; a glass eye; eyesight; weeds; land at the South Pole; friendship; labor?

Define "economic goods."

1. 2. Which of the following are public goods: Hudson River; the Panama Canal; Yellowstone Park; a city water system; lakes stocked by the government with fish; a harbor improved at government expense; a warship; the Weather Bureau service; a fire department; the University Museum?

Define "public goods."

1. 3. May a thing be wealth (*a*) to one person and not to another? (*b*) at one place and not at another? (*c*) at one time and not at another? Illustrate.

1. 4. "Nothing can be wealth unless the total supply is so narrowly limited that every part of it is necessary to satisfy existing wants."

Can you think of any exceptions? How, if at all, should you restate the point?

1. 5. Did the Emancipation Proclamation diminish the amount of wealth in the Southern States?