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Examination Questions: Economics and Public Finance, Saturday, May 16, 1936

Michigan State Board of Accountancy

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MICHIGAN STATE BOARD OF ACCOUNTANCY

EXAMINATION QUESTIONS

SATURDAY, MAY 16, 1936—1:00 P. M. TO 5:00 P. M.

Economics and Public Finance

QUESTION 1.

The subject matter of political economy is buying and selling. Aristotle, sometimes contributing under the heading "Politics," again "Ethics," and often "Economics," gave many of our earliest definitions. For instance, he said, "By property we mean everything of which the value is measured by money." Again, referring to a proper boundary line which may be drawn between economy and morals, he said, "Whenever there is no agreement made about the service performed, those who confer a favor freely for the sake of the persons on whom they confer it, cannot complain; for the value of it is not measured by money, and no equivalent price can be paid." Referring to money, he said, "Money, therefore, as a measure, by making things commensurable, equalizes them; for there could be no commerce without exchange, no exchange without equality, and no equality without the possibility of being commensurate." Discuss these statements in the light of present-day economic theories.

QUESTION 2.

Explain the economic theories underlying the processing taxes which were declared unconstitutional by the Supreme Court.

QUESTION 3.

From an economic standpoint what differences would be noted in the two statements: (1) that a country was suffering from over-production, or, (2) that a country was suffering from under-consumption?

QUESTION 4.

Ulpian, referring to a term which can be used to express the sum of all valuable things, said, "That is property which can be bought and sold," which definition is broad enough to include commodities, services, and claims, those being the three things which can be bought and sold. Give an illustration of each of the possible types of exchange which may be made.

QUESTION 5.

Discuss the suggested tax on undistributed corporate earnings, presenting both sides of the question.

QUESTION 6.

Explain the law of Market Value.

QUESTION 7.

Discuss the economic theory of the present tendency in industry to decentralize, using Ford and General Motors plans as a basis for the discussion.

QUESTION 8.

Outline the differences between the terms "utility" and "value."

QUESTION 9.

What are three essential elements in production and give illustrations as to the part which each plays in the process?

QUESTION 10.

Enumerate the points commonly advanced for and against a general sales tax.

