

History of Modern Economic Thought

1. Write short notes on the following topics:
 - a) Coase Theorem
 - b) Real Business Cycle theory
 - c) Moral Hazard and Adverse Selection problems
 - d) Physiocracy
 - e) Lucas critique
 - f) Marginalist revolution

2. Explain whether the following statements are true or false.
 - A. Ricardo said that rent is price determining.
 - B. Product exhaustion theorem holds true for any production function as long as the factor market is competitive.
 - C. Keynes analysis of involuntary unemployment is essentially an extension Marxian analysis.
 - D. New Keynesian economics explained unemployment by introducing search cost
 - E. Good cars drive bad cars from the market of used cars.
 - F. Recent developments in macro-econometrics are based on quasi-experiments while micro-econometrics is all about natural experiments.
 - G. According to new Keynesian economics unemployment is the result of technological shocks
 - H. Marxian theory admits that high population growth rate can cause economic decline of a country.
 - I. Adam Smith's theory of absolute advantage is dynamic in nature.

3. Essay Type Questions
 - a) Suppose Mr. John, a merchant from the seventeenth century England traveled through time and came to 2012. He is very much disturbed to see the general economic crisis in the U.S and other countries. The last thing he read about economics before starting his time travel was a Mercantilist pamphlet and was very much impressed by it. A T.V channel brings both you and him for a panel discussion on the current economic crisis. What would be the view expressed by him? What would be your response?
 - b) What is classical value theory? Discuss the most important problem of labor theory of value and how Smith, Ricardo and Marx tried to solve the problem.
 - c) Write a short essay on recent developments in empirical economics.
 - d) Discuss the major information critiques of fundamental theorems of welfare economics.

- e) Write a comparative analysis of Marxian and Keynesian economics with respect to their positions on unemployment and economic crisis.
- f) What were the main criticisms against Keynesian theory? How did New Classical and New Keynesian economics tried to resolve those issues?
- g) Discuss Marxian analysis of falling rate of profit? How Marx's analysis of economics crisis was different from that by Keynes?