2011

[July]

ECONOMICS

(Historical Perspective of Modern Economics-II)

Full Marks: 37.5; Time: 1.30 hours

Figures in the margin indicate full marks for the questions

Answer two and half questions, selecting at least one from each Credit

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CREDIT-I

1. While discussing the historical sciences, Theory of Growth of Scientific Knowledge plays an important role. Discuss the statement in the context of Kuhn's theory. Also point out the flaws of this theory. 10+5

2. (a). When a lottery game (theoretical) leads to a random variable with infinite expected payoff, but could nevertheless be considered to be worth only a small amount of money, what would be the possible solution to this problem? Discuss with the help of St. Petersburg's Paradox. 7.5

   (b). Write a short note on satisficing behavior as propounded by H. Simon. 7.5

CREDIT-II

3. The new growth theory revived an old tradition of thinking about the effects of increasing returns. Critically discuss the statement in the context of Paul Romer's theory of Growth. 15

4. (a). Discuss how D.C. North modified the assumption of Neoclassical economics. 7.5

   (b). Why economics is a complex academic system? 7.5