**Chapter one**

1. Explain clearly what is 'Neo-classicism'. In this connection analyse the contribution of

Marshall to economic theory.

**2.** Discuss the place of Marshall in economic thought.

**3.** Assess Wicksell's contribution to the theory of interest.

4. Is the standard neoclassical assumption of rational economic behavior valid?

**5.** What is Marshall's law of demand? How does it relate to (a) the equimarginal rule, (b) the law of diminishing marginal utility, and (c) consumer surplus?

**6.** Contrast Marshall's distinctions between: (a) supplementary and prime costs; (b) immediate present, short run, and long run; (c) increasing and decreasing cost industries; and (d) internal and external economies.

**7**. Explain this statement: In the short run, a profitable firm focuses solely on its prime costs (variable costs) in deciding how much to produce. Supplementary costs (fixed costs) are irrelevant to this decision.

**Chapter Two**

1. Give a brief account of the development of economics in the USA.
2. Explain the importance of institutions (habits, instincts, customs, etc) in the theories of the institutional economists especially those of Veblen and Mitchell.
3. Evaluate the contributions of Veblen and commons to the development of economics.
4. Identify and briefly state the significance of each of the following to the history of economic thought; institutionalism, Veblen, *The Theory of the Leisure Class,* conspicuous consumption,

**Chapter Three**

1. Identify and briefly state the significance of each of the following to the history of economic thought: welfare economics; Pareto; Pareto optimality; marginal rate of substitution; marginal rate of technical substitution; marginal rate of transformation; Pigou; externality; first-, second-, and third-degree price dis­crimination
2. Explain the following statements: Pareto's welfare analysis is in the tradition of Walras, whereas Pigou's welfare analysis is in the tradition of Marshall.
3. Explain why a negative externality in production results in too much of the good being produced from society's perspective, whereas a positive externality results in too little being produced. How, according to Pigou, might such over and under allocations of resources be corrected?
4. Trace the main development in welfare economics and point out how the new welfare economics differs from the old welfare economics.
5. Discuss J. Hobes critics of the classical economics and his argument in favour of the labouring class.
6. Assess the value of the contributions of Pigou to welfare economics and to the economics of income and employment.
7. Discuss the role of Pareto and Hicks in the development of 'General Equilibrium Economics’.
8. Describe the characteristics of 'General Equilibrium Economics’.

**Chapter Four & Five**

1. Evaluate the contribution of Keynes to economic thought.
2. Outline briefly the main content of the Keynesian Revolution and evaluate its influence upon economic policy and social reform.
3. 'Keynes' book General Theory is repudiation of the foundation of laissez-faire'. (Dillard) Justify.
4. 'Keynes' thought is similar in several respects to exactly those schools of Economics which Adam Smith undertook to overthrow. Mercantilism and Physiocracy', (Haney) Comment.
5. "Keynesican Economics cannot be regarded as a complete substitute for Marshalllian Economics for the Keynesian world is different from the Marshallian world." Discuss.
6. Discuss the most significant developments in the domain of economic thought and policy since the death of Keynes in 1946.

**7**. What caused the emergency of Keynesian school? Why? How do you distinguish from the classical thoughts?

**8.** According to Keynes, an economy can be at equilibrium only if it is at full employment level. True or False? Explain.

**9.**Distinguish between Keynes’ voluntary and involuntary unemployment.

1. What is the mathematical relationship between marginal propensity to consume and marginal propensity to save? Prove it.
2. Compare and contrast Classical’s and Keynes’s view on wage, price, and interest.
3. What is marginal efficiency of capital?
4. Explain the concept of multiplier.
5. Contrast the major tenets of the Keynesian school with those of the marginalist school.
6. If the marginal propensity to consume in a certain economy is 2/3, what will be the government multiplier of $1 investment in the economy?

**Chapter Six, Seven and Eight**

**1**. What is the distinguishing feature of modern economics?

**2.** How did microeconomics evolve from the 1930s to the 1950s?

**3.** Why does Paul Samuelson believe that Marshall’s dictum on using mathematics in

economics should be reversed?

**4.** What does Paul Samuelson mean by a meaningful theorem? Are there other interpretations?

**5.** Why were most classical economists pessimists in their views of growth theory?

**6.** How did Schumpeter’s view of the future of capitalism differ from Marx’s?

**7.** How does the income version of the quantity theory differ from the transaction version?

**8.** Why did classical economists find the concept of “demand for output as a whole” problematic?

**9.** What did Keynes think the chief benefits and defects of capitalism were?

**10.** Distinguish between sound finance and functional finance.

**11.** What are some problems with IS-LM analysis?

**12.** Why would a new classical be likely to argue against a need for a macro- foundation to microeconomics?

**13.** Is “measurement without theory” a fair summary of the institutionalist approach to empirical work?

**14.** How does technology affect the development of economic thought?

**15.** What is the probabilistic approach to econometrics? Why is it important?

**16**. Distinguish between the classical and the Bayesian approaches to econometrics.