

THE OPEN UNIVERSITY OF SRI LANKA  
 DEPARTMENT OF SOCIAL STUDIES  
 BA DEGREE IN SOCIAL SCIENCES - LEVEL 05  
 FINAL EXAMINATION – 2021/2022 (2<sup>nd</sup> Semester)  
 DSU5334 – PHILOSOPHICAL FOUNDATIONS OF ECONOMICS  
 DURATION: THREE HOURS (03 HOURS) ONLY



Date: 11<sup>th</sup> of February 2023

Time: 09.30 a.m. – 12.30 p.m.

**Instructions:**

- There are nine (9) questions in this paper.
- Answer any five (5) questions. Each question carries equal marks.

1. (a) What are the major beliefs of Classical economists? (10 marks)  
 (b) Explain the criticism against classical school of thought. (10 marks)
2. (a) Why did Keynes propose government intervention in the economy? (10 marks)  
 (b) Debate the implications of government interventions in the economy. (10 marks)
3. (a) What are the main ideas of Mercantilists? (10 marks)  
 (b) Why were the mercantilist beliefs and practices criticized? (10 marks)
4. (a) What are the main assumptions of Neoclassical economists? (10 marks)  
 (b) Explain the concepts of utility maximization and marginal utility. (10 marks)
5. (a) Explain the main ideas of Marxian economics. (10 marks)  
 (b) Why was Marxian thinking criticized? (10 marks)
6. (a) Describe the concept of “Business Cycles” in modern macroeconomics. (10 marks)  
 (b) Explain the terms Rational Expectations and Policy ineffectiveness. (10 marks)

7. (a) "Causation is the capacity of one variable to influence another". Explain this statement in relation to formulation of theory in economics. (10 marks)
- (b) "Positive Economics is the study of economics based on objective analysis". Discuss this statement. (10 marks)
8. (a) What are the major criticisms of institutional school of thought on mainstream economics? (10 marks)
- (b) 'Because an unregulated economy produces undesirable social consequences, capitalism needs to be modified by governmental intervention'. Explain this statement from an Institutionalist perspective. (10 marks)
9. Write brief comments on any four (4) of the following.
- a) Normative economics
  - b) Ceteris Paribus
  - c) Marxian theory of Alienation
  - d) Keynesian Multiplier
  - e) Fiscal Policy
  - f) Georgist Philosophy