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THE OPEN UNIVERSITY OF SRI LANKA
MA DEGREE IN DEVELOPMENT STUDIES AND PUBLIC POLICY 2011/2012
MARGA – THE OPEN UNIVERSITY OF SRI LANKA COLLABORATIVE
PROGRAMME - LEVEL VII
FINAL EXAMINATION
SSP2128/2102 - CONTEMPORARY ECONOMIC THOUGHT AND PUBLIC POLICY
DURATION – THREE (03) HOURS

Date: 21st August 2011

Time: 9.30 a.m. – 12.30 p.m.

Answer four (04) questions.
Each question carries 25 marks.

1. Explain the main contributions of John Maynard Keynes to modern macroeconomic theory.
2. Explain how Ronald Coase explained the existence of firms.
3. Evaluate James Buchanan's contributions to the subject of "public choice".
4. Using the approach of Robert Lucas, discuss how the expected results of government policies could be nullified by "rational expectations".
5. Explain why Joseph Stiglitz rejected the neoclassical concept of "invisible hand".
6. Describe how Gary Becker extended the domain of economic theory to aspects of human behavior.
7. "Most cases of starvation and famines across the world arise not from people being deprived of things to which they are entitled, but from people not being entitled, in the prevailing legal system of institutional rights, to adequate means for survival". Do you agree with this statement of Amartya Sen. Give reasons for your answer.
8. Analyze the main components of Oliver Williamson's Transactions Cost Theory of Economic Organization.

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