

THE OPEN UNIVERSITY OF SRI LANKA
 MA DEGREE IN DEVELOPMENT STUDIES AND PUBLIC POLICY 2013/2014
 MARGA-OUSL COLLABORATIVE PROGRAMME – LEVEL VIII
 SSP2128/2102 - CONTEMPORARY ECONOMIC THOUGHT AND PUBLIC
 POLICY
 FINAL EXAMINATION – 2013



DURATION: THREE (03) HOURS

Date: 01.12.2013

Time: 9.30a.m. – 12.30 p.m.

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

1. According to Keynes “a budget deficit, which means an excess of government expenditure over revenue, is not a bad thing”. Evaluate this statement based on the experiences of Sri Lanka in the recent past.
2. Government failures, Milton Friedman argued, were greater and more terrible than market failures. Critically analyze this statement.
3. Friedman says that a society that puts equality before freedom will get neither. A society that puts freedom before equality will get a high degree of both. Rationalize this statement in the context of the welfare policies adopted in Sri Lanka.
4. Discuss Sen’s concepts of “development as freedom” and poverty as “deprivation of capability”. How have these contributed to your understanding of human development?
5. Stiglitz proposed that International lending banks need to focus on areas where private investment doesn't go, such as infrastructure projects, education and poverty relief. Critically analyze the underlying principle behind this position.
6. How rational was Gary Becker’s analysis of the family in economic terms as a response to the perceived changes in the modern family”-Discuss
7. North argues that institutions are not necessarily created to be socially efficient; rather they are created to serve the interests of those with the bargaining power to create new rules. Discuss
8. Robert Lucas argued that the implicit presumption in the Keynesian model was that people could be fooled over and over again. Discuss this statement with reference to his Rational Expectation Theory.

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