



DOON UNIVERSITY, DEHRADUN
Mid-term Examination, Third Semester, 2013
School of Social Sciences
MSc Economics
Course: SSEI-213: History of Economic Thought

Time Allowed: 2 hrs.

Max. Marks: 30

Note: Attempt All Questions from Sections A, B, C

SECTION: A

All questions are compulsory and carry equal marks.

(Marks: 6x1=6)

State if the following are True or False

1. The British mercantilism required that trade between Britain and the colonies be carried in British ships.
2. According to Adam Smith the process of economic growth is not endless. The scarcity of natural resources finally stops growth and the economy reaches the state of stagnation.
3. As per the economic theory of mercantilism a government should seek to direct the economy so as to maximize exports.
4. The Physiocrats claimed that all value derives from the labour of agriculturalists who tap into the vital forces of nature.
5. The principle of diminishing marginal utility states that as a consumer acquires more of a good, the value of an additional unit of that good for this consumer will decline.
6. The best available land that is not earning rent for its owner is defined as zero rent land by David Ricardo.

SECTION: B

Answer any THREE questions.

(Marks: 3x4=12)

1. Explain the concept of Division of Labour? Who gave this concept?
2. Differentiate between the theory of absolute advantage and the theory of comparative advantage.
3. Explain the concept of invisible hand. Who gave this concept?
4. Explain the concept of Ricardian equivalence.

SECTION: C

Answer any ONE question.

(Marks: 1x12=12)

1. Which factors contributed to the growth of mercantilism? What are the salient features of this system? Discuss the mercantilist policies. Which current day policies reflect mercantilist policies?
2. What historical forces led to the rise of Physiocracy in France? Describe main features and policies of physiocrats. What has been the major influence of this school of economic thought in economics?