M.A. Examination, 2015

Semester – IV

Economics

Paper : XV (Group-B)

(Special Paper: Public Economics)

Time: 3 Hours **Full Marks: 40**

Questions are of value as indicated in the margin.

Answer ***any four*** questions

1. (a) Why is there a difference between the efficiency condition of a providing a public good and a private good?
   (b) Use the idea of reservation price in obtaining the condition for optional provision of a discrete public good. 4+6=10
2. (a) Define volunteer type public good with an example.
   (b) With an appropriate pay-off matrix show that free riding is efficient in case of a volunteer-type public good.
   (c) For the following pay-off matrix

Person 2

Person 1		Provide	Does not Provide
	Provide	10,10	10,12
	Does not Provide	12,10	2,2

   (i) Find out the probability that the public good will not be provided.
   (ii) When does the probability increase? 2+3+5
3. (a) Discus majority voting equilibrium with an appropriate example.
   (b) What do you mean by "voting cycle"?
   (c) Define "single-peaked" and "multi-peaked" preferences.
   (d) Show that 'voting cycle" arise because of multi-peaked preferences. 4+2+2+2=10
4. Discuss in the light of "Coase Theorem" that liability or no liability for damage does not make any difference in the bargain. 10
5. (a) Derive the Ramsey rule for efficient commodity taxation.
   (b) Do you consider the "Ramsey Rule" regressive? Give reasons. 6+4=10
6. Argue in favor of a centralized system of government on the basis of the functions specified by Richard Musgrave. 10
7. Show by a local income-payments model that fiscal policy may not be at all effective to stabilize a small open economy. 10
8. Write short notes: (***any two***) 2×5=10
   (a) Politics of "Logrolling"
   (b) Clarke Tax & information problem
   (c) Lindahl Prices
   (d) Pigouvian Tax