M.A. Examination, 2014
Semester – I
Economics
Paper – III
(Economic Thought-I)

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

Questions are of value as indicated in the margin.

Answer ***any four*** questions.

1. Critically examine the following claim by a standard text-book:
"Beginning with the USSR in the 1920s, many nations listened to Marx and established systems in which conscious government **central planning** largely replaced the spontaneous order of the free market. …Then, within the last two decades of the century, governments of one communist country after another abandoned their central planning apparatus. More and more economic transactions and activities were then left to be regulated by the self-organising system of the market. Seldom has a great social issue been settled with such conclusiveness.
Adam Smith was right and Karl Marx was wrong." 10

2. If $(P_c/P_f) = 10/3$, where P_c is the price of a meter of cloth and P_f is the price of a loaf of bread then, according to consumer behaviour theory, in equilibrium a consumer is willing to give up 10 loaves of bread to get 3 meters of cloth. What would be Marx's criticism of this proposition? 10

3. What is the difference between a profit earner and a wage earner in neoclassical economics? How is the rate of profit determined within the neoclassical system? 2+8=10

4. How does Marxian Political Economy constitute a critique of neoclassical economics? Discuss with reference to the neoclassical theory of distribution. 10

5. Critically examine the following set of arguments:
Human beings are *egoistic, coldly calculating* and *atomistic*. In a free market economy such individuals take all decisions. Hence the human nature wants free market economy. 10

6. What is the fundamental difference between the two exchange circuits: C-M-C and M-C-M? Why does M-C-M lead to M-C-M′ where M′>M? Does the law of value hold in the M-C-M′ circuit? 4+3+3=10

7. While describing the economy that should be established after the overthrow of capitalism why does Marx say in *The Critique of the Gotha Programme*: "*equal right* here is still in principle – *bourgeois right* …this equal right is still constantly stigmatized by a bourgeois limitation"? 10

8. Analyse the income and expenditure of a 'productive capitalist firm' in terms of 'fundamental' and 'subsumed' class incomes and expenditures. Mention one insight that this analysis provides that cannot be obtained from the usual income expenditure accounts. 6+4=10