

ECONOMICS

SCHEME OF EXAMINATION

The Examination in Economics, offered as a subject for the General Degree Examination in Arts shall consist of three papers of three hours each, as follows :-

- Economics I (EC G 1) : Principles of Economics
Economics II (EC G 2) : Comparative Economic Development (England, France, Germany and Russia)
Economics III (EC G 3) : Applied Economics

ECONOMICS I (ECG 1):

PRINCIPLES OF ECONOMICS

This paper is divided into two parts as follows and candidates will be required to answer questions from both parts :

Microeconomic Analysis: (Part I)

Nature and scope of economic analysis.

An overview of the working of the supply and demand forces and the determination of the equilibrium price.

Elasticity of demand and supply in different curves analysis.

Theory of production: cost curves; law of variable proportional returns to scale.

Market situations; perfect competition; monopoly; monopolistic competition and oligopoly.

Theory of distribution: outline of marginal productivity theory; determination of wages, rent profit and interest.

Microeconomic Analysis and International Trade: (Part II)

National Income: definition and measurement.

Determination of equilibrium national income level in a closed and an open economy with a government sector.

Multiplier analysis.

Money and banking: Functions of a commercial bank, creation of money bank liquidity. Functions of a Central Bank.

Central Banking control-quantitative and qualitative controls.

Quantity Theory of Money and the price level.

Basis of international trade-theory of comparative advantage.

Balance of Payments and devaluation.

The International Monetary Fund and the World Bank.

RECOMMENDED READING: (Part I)

- G. J. STEGLER and K. BOULDING — *Readings in Price Theory* (American Economic Association)
- J. S. BAIN — *Price Theory* (New York: Holt, Rinehart and Winston Inc. 1961)
- BILAS RICHARD — *Micro-economic Theory: A Graphical Analysis* (New York: Mc Graw Hill Inc. 1967)
- BOULDING KENNETH — *Economic Analysis* (4th ed. (New York Harper and Row Publishers Inc. 1966)
- E. H. CHAMBERLIN — *The Theory of Monopolistic Competition* - 7th ed. (Cambridge Mass. Harvard University Press 1960)
- DOBB MAURICE — *Wages* (Cambridge Economic Hand book Series).
- J. F. DUE and R. W. CLOWA — *Intermediate Economic Analysis* (Homewood Illinois: Richard D Irwin Inc. 1966).
- MILTON FRIEDMAN — *Essays in Positive Economics* (Chicago: University of Chicago Press 1966).
- J. R. HICKS — *Theory of Wages* (London: McMillan 1935).
- R. H. LEFTWICH — *The Price System and Resource Allocation*. 3rd ed. (New York: Holt Rinehart Winston Inc. 1966)
- LIPSEY — *An Introduction of positive Economics*. 2nd ed. (London: Weindenfield and Nicolson 1971)

R. S. SAYERS

— *Financial Policy 1939—1945* H. M. S. O. 1956 Readings in the Theory of Income Distribution. (Allen and Unwin, 1954).

National Planning Council

— *The Ten Year Plan* (Ceylon Government Press) 1959.

A. D. V. DE S.
INDRARATNA

— "Comment on the Ten Year Plan", in Ceylon Commerce, the Journal of the National Chamber of Commerce, Volume VI (2), October, 1956.

VAKIL AND BRAHMANAND

— *Planning for an Expanding Economy*, (Bombay, 1956).

- E. A. G. ROBINSON — *Structure of Competitive Industry* (Cambridge Economic Hand book)
- E. A. G. ROBINSON — *Monopoly* (Cambridge Economic Hand book).
- JOAN ROBINSON — *Economics of Imperfect Competition* (London: McMillan and Co., 1933).
- A. PAUL SAMUELSON — *Economics 7th ed.* (New York: McGraw Hill Inc. 1967).
- G. J. STIGLAR — *Theory of Price* 3rd ed. (New York: McMillan and Co., 1966).
- A. W. STONIER and D. C. HAGUE — *A Text book of Economic Theory* 2nd ed. (New York: John Wiley and Sons Inc. 1957).
- ඩී. ඩබ්ලිව්. ලැංකමන් සහ
එච්. එම්. ගුණසේකර — ආර්ථික විද්‍යා විශ්ලේෂණය
ජී. ඩී. ඩී. දී. එස්. ඉන්ද්‍රජන්ත — මිල නියාය 2 වන සංස්කරණය
මොරිස් මධ්‍යව — මැට්‍රික් (අධ්‍යාපන ප්‍රකාශන දෙපාර්ත-
මන්තුව)

RECOMMENDED READING: (Part II)

- R. N. COOPER — *International Finance* (Penguin Series 1969)
- H. CROOME — *Introduction to Money* (London: Methuen and Co. Ltd. 1962).
- G. CROWTHER — *An Outline of Money* (London: English Language Book Society 1962)
- A. C. L. DAY — *Outline of Monetary Economics* (Oxford: Clarendon Press 1957)

- P. T. ELLSWORTH
with the collaboration
of Leith J. C. — *International Economy* 4th ed.
(London: McMillan Co. 1970)
- N. GEORGE HALM — *Monetary Theory, A modern
treatment of Money and Banking*
(Philadelphia Balckiston 1946)
- N. GEORGE HALM — *Economics of Maney and Banking*
Rev. ed. (Homewood Ill. Irwin
1966).
- C. P. KINDLEBUGER — *International Economics* 3rd ed.
(Homewood Ill. Richard D.
Irwin Inc. 1963).
- R. S. SAYERS — *Modern Banking* 7th ed. (Oxford:
Clarendon Press 1967).
- W. M. SCAMMEL — *International Monetary Policy*
(London: McMillan and Co. Ltd.
1964).
- ERICH SCHNEIDU — *Money Income and Employment*
(London: George Allen and
Unwins Ltd. 1963).
- ROBERTSON — *Money* (London: James Nisbot
and Co. Ltd. 1956)
- BRIAN TEW — *International Monetary Co-ope-
ration 1945-67* 9th Revised ed.
(London Hutchinson University
Library 1967).
- J. SIDNEY WELLS — *International Economics*
Revised ed. (George Allen and
Unwin Ltd.

P. B. WHALE

— *International Trade* (London: Thornton Butterworth Ltd. 1934)

L. B. TEOGH

— *International Monetary Relations* (New York: Harper and Row Publishers 1966).

පරික් ජනසිවර්

— මුදල් ආදායම සහ සේවා නියුක්තිය
රාජ්‍ය භාෂා දෙපාර්තමේන්තුව

ECONOMICS II (ECG 2):

COMPARATIVE ECONOMIC DEVELOPMENT

(England, France, Germany and Russia)

Introduction - End of Traditional Society

The break up of Feudal Society creating the preconditions of take off, and the extinction of institutional obstacles to modern economic development.

Agricultural Sector

(Both as a transitional phase as well as an autonomous development)

The transition from small scale to large scale production.

Institutional changes

Enclosures

Technological developments

Agriculture as an autonomous sector

Responses to market conditions - national and supra-national.

Specialisation.

Population changes.

Agriculture as a linking up sector knowing largely the impact and rule of agriculture on industrial development.

Agriculture and early industrial development.
Agriculture in the middle phase of industrial development
Agriculture and the phase of industrial maturity.

Industrial Sector

Proto-Industrial growth-That is growth within an institutional framework peculiar to traditional society.

Leading Sectors and the rates of growth

Taxtiles

Coal

Iron

Transport

Future of growth

Market conditions - National and Extra national

Technological changes

Capital

RECOMMENDED READING :

- A. BURNIE — *An Economic History of the British Isles.*
A. BURNIE — *An Economic History of Europe*
W. H. B. COURT — *A Concise Economic History of Britain from 1750 to the present day.*
JOHN HICKS — *A Theory of Economic History*
J. H. CLAPHAM — *Economic Development of France and Germany*
A. NOVE — *An Economic History of Russia*
M. DOBB — *Soviet Economic Development Since 1917*

ECONOMIC III (ECG 3): APPLIED ECONOMIC

This paper will be designed to test the candidate's knowledge of Economic problems faced by developing nations with particular emphasis on Sri Lanka. The main topics that candidates will be expected to study are summarised below :

1. The structure of the Economy of Sri Lanka

- (a) National Product and National Expenditure of Sri Lanka.
- (b) The Pattern of Income distribution in Sri Lanka.
- (c) Indices of the level of economic welfare in Sri Lanka.

2. Population

- (a) Population growth in Sri Lanka.
- (b) Impact of the incoming population on economic development.

3. The Government Budget in Sri Lanka

- (a) Sources of government revenue.
- (b) Pattern of government expenditure
- (c) Budget deficits and of financing the deficits.
- (d) Effect of the Existing Pattern of Government Finance on economic development in Sri Lanka.

4. Foreign trade and Balance of Payment of Sri Lanka

- (a) Main features of the pattern of exports and imports of Sri Lanka.
- (b) Recent trends and problems in Sri Lanka's foreign trade.
- (c) Balance of Payments deficits.
- (d) Methods of financing balance of payments deficit.

5. Export Agriculture

- (a) Importance of export agriculture in Sri Lanka's economy.
- (b) Main features of the export agricultural sector.
- (c) Recent trends and problems..
- (d) Land Reform (Amendment) Law of 1975

6. Domestic Agriculture

- (a) Importance of domestic agriculture in the Sri Lanka economy.
- (b) Land ownership and Tenanial Problems.
- (c) Colonisation schemes, the paddy land act the land reform law (1972).
- (d) Problems of land credit.
- (e) Rural credit schemes introduced since independence.
- (f) The role of the banking system in providing rural credit

7. Industry in Sri Lanka

- (a) Industrial policy and development.
- (b) The present patterns of industry in Sri Lanka.
- (c) Public sector industry.

Recommended Reading :

- BECKERMAN — *Introduction to National Income Accounting.*
- CENTRAL BANK OF SRI LANKA — (a) *Annual Reports*
(b) *Annual Reports 1961, 1962 and 1967* (Special reference to National Income Estimates).
(c) *Consumer Finance Survey 1953, 1963, 1973.*
(d) *Survey of defaults in the repayment of new Agricultural Loans (1972)*
- DEPARTMENT OF CENSUS AND STATISTICS — *Socio-Economic Survey 1969/70*

- J. F. DUE — *Government Finance - Economics of Public Sector.*
- INDUSTRIAL DEVELOPMENT BOARD — *Research and Industry*
- INTERNATIONAL LABOUR ORGANIZATION — *Matching Employment Opportunities and expectations (1971)*
- JONES AND SELVERATNAM — *Population Growth and Economic Development in Ceylon (1971)*
- N. DIAS KARUNARATNE — *Techno-Economic survey of Industrial Potential in Sri Lanka.*
- H. N. S. KARUNATILLEKE — *Economic Development of Ceylon (1971)*
- H. N. S. KARUNATILLEKE — *Banking Institutions in Ceylon*
— *Land Commission Report 1955 SP and 1957*
— *Land Utilisation Committee Report 1968*
- MINISTRY OF PLANNING AND EMPLOYMENT — *Five Year Plan*
- D. PERERA — *Estimation of the National Income of Ceylon (In Research and Industry)*
- W. RASAPUTRAM — *Foreign Trade and Level of National Income in Ceylon*
- W. W. ROSTOW — *Stages of Economic Growth*
- SNODGRASS — *Ceylon: An export economy in transition*
- STUDENSKI — *Income of Nations*
- W. M. TILLEKERATNE — *Agricultural credit in a developing economy*

- UNITED NATIONS — *A System of National Income Accounts and Supporting Tables* (1964)
- K. WILLIAMS — *National Income of Ceylon*
- R. M. WITHANA — *Introduction of Programme and Performance Budgeting in Ceylon.*
- A. J. BROWN — *Applied Economics* (Aspects of the World Economy War and Peace)
- A. J. BROWN — *The Great Inflation 1939 - 1951* (Royal Institute of International Affairs, Oxford, 1955)
- E. H. PHELPS BROWN — *A Course in Applied Economics*
- A. K. CHARLESWORTH — *The Economics of Repressed Inflation* (Allen and Unwin, 1956).
- J. R. HICKS — *Essays in World Economics* (Oxford, 1959)
- R. F. HARROD — *Policy against Inflation* (McMillan 1958)
- KALDOR, NICHOLAS — *An Expenditure Tax* (Allen and Unwin, 1955).
- NURKSE, RAGNAR — *Problems of Capital Formation in Underdeveloped Countries* (Blackwell, 1955).
- S. SAYERS — *Financial Policy 1939 - 1945 H.M.S.O. 1956 Readings in the Theory of Income Distribution.* (Allen and Unwin, 1954).
- National Planning Council — *The Ten Year Plan* (Ceylon Government Press 1959).

- A. D. V. DE S. INDRARATNE — *“Comment on the Ten Year Plan”*,
in Ceylon Commerce, the Journal
of the National Chamber of
Commerce, Volume VI (2),
October, 1956.
- VAKIL AND BRAHMANAND — *Planning for an Expanding
Economy*. (Bombay, 1956).