

International Institute of Information Technology
HS5.202- Introduction to Economics
Monsoon 2023
Mid-Semester Exam

Time: 90 minutes

Marks: 30

Answer any two from the following questions within 500-700 words each.

1. "We do not easily change our allegiance to economic theories, precisely because these theories are closely connected to our understanding of the world and of ourselves." (Wolff and Resnick, 2012)

- a) Argue for or against the above statement.
 b) What can be the different scientific and social bases of evaluating an economic theory?

*for theories are how we abstract the world
 what we give prominence to and
 there is reality that is objective and less than
 words*
 one way to abstract the world through
 Marx is through lens of class and exploitation (8+7)
 the conventional understanding of class is as a group you belong to
 proletarian bourgeoisie
 now, you look at class through process - the process of producing and appropriating
 distributing are class processes - of these kinds - fundamental
 non-class - explain them
 are class - example
 alienated labor

2. a) Explain the conceptualization of class as a process in Marxian theory. How is it different from the more conventional understanding of class as a group?
 b) How is household work understood within the framework of class processes?

(9+6)

3. a) Consider a government engaging in extra public spending to counteract a negative investment shock. The government funds the excess spending by increasing an equivalent amount in lumpsum (fixed) tax.

What is the value of the multiplier in this case? Derive the value logically in stages or algebraically.

- b) In what sense does GDP not value leisure as a commodity? Has this problem become more or less pronounced in contemporary times?

(9+ 6)