SECOND SEMESTER M.A DEGREE EXAMINATION, APRIL 2021
(Improvement/Supplementary)
ECONOMICS
FECO2C06: MACRO ECONOMICS: THEORIES AND POLICIES II

Time: 3 Hours   **Maximum Weightage: 30**

Part A: (Multiple Choice Questions). Answer *all* questions. Each carries $\frac{1}{5}$ weightage.

1. In the Keynesianl model, rate of interest is a………..variable.

    (a) Monetary   (b) Real   (c) Financial   (d) None of these

2. The term "k" in Cambridge equation is equal to……..in Fisher's equation.

    (a) V*k   (b) 1/V   (c) k   (d) M

3. As per the Keynesian consumptiion hypothesis, as income rises.

    (a) APC falls   (b) APS falls   (c) MPS falls   (d) MPC falls

4. In the Classical labour market, supply of labour is a function of

    (a) real wage   (b) money wage   (c) value of money   (d) none of these

5. According to Friedman, long-run Phillips Curve will be vertical because of

    (a) Normal expectations   (b) Adaptive expectations
    (c) Rational expectations   (d) None of these

6. Monetarist believe in the……..neutrality of money

    (a) Short-run   (b) Medium run   (c) Long-run   (d) Intermediate-run

7. According to Lucas,…….changes in money supply can affect output and employment

    (a) Anticipated   (b) Un anticipated   (c) Direct   (d) Indirect

8. Supply siders recommended……policy to overcome stagflation.

    (a) Privatisation   (b) Tax cut
    (c) Labour laws reforms and withdrawal of social security   (d) All these policies

9. Mankiw's name is associated with ……………

    (a) Contract theory   (b) Signaling theory
    (c) Insider-outsider model   (d) Small menu cost model

10. Prescott, Kydland and other real business cycle theorists did not use…….models

    (a) Trend reverting   (b) Random walk   (c) Calibration   (d) Time inconsistency

11. Hysteresis models are also called…….models

    (a) Calibration   (b) Time series   (c) Insider-outsider   (d) Efficiency wage

12. Nordhaus developed…….model

    (a) Monetary cycles   (b) Technology cycles
    (c) Political business cycle   (d) Innovations

13. ……..was a critic of Say's Law

    (a) Smith   (b) Ricardo   (c) Malthus   (d) Mill

14. Worker's……is linked with wages in the efficiency wage models

    (a) Productivity   (b) Efficiency   (c) Work-effort   (d) All these

15. Joan Robinson is a……..…..economist

    (a) Neo Keynesian   (b) New Keynesian

    (c) New classical   (d) Heterodox post-Keynesian

$(15 \times {}^1/_5 = 3$ Weightage)

Part B: Answer any *five* questions. Each carries 1 weightage

16. Define liquidity trap.

17. Explain the difference between Say's Identity and Say's Equality.

18. Why Keynesian aggregate supply curve becomes a 45 degree line?

19. What is classical dichotomy?

20. What is rational expectations hypothesis?

21. What is Friedman's demand for money function?

22. What is Phillips' relation?

23. Define stagflation.

$(5 \times 1 = 5$ Weightage)

Part C. Answer any *seven* questions. Each carries 2 weightage

24. Explain briefly implicit contract.

25. Explain the meaning of NAIRU.

26. What is the difference between Pigou effect and Keynes effect?

27. Explain transaction velocity approach to demand for money.

28. What are the features of the Keynesian labour market?

29. Explain the features of Keynesian stabilisation policies.

30. Summarise small menu-cost model.

31. What are the central arguments of efficiency wage theories?

32. Summarize the monetary approach to balance of payments.

33. How did Malthus reject Say's Law?

$(7 \times 2 = 14$ Weightage)

Part D: Answer any *two* questions. Each carries 4 weightage

34. Bring out the salient features of the of political business cycle model.

35. What are the essential arguments of the rational expectations theory?

36. Explain the political economy of debt and deficits.

37. Critically examine supply side macro economic theories and policies.

$(2 \times 4 = 8$ Weightage)