SECOND SEMESTER M.A. DEGREE EXAMINATION, APRIL 2022
(Regular/Improvement/Supplementary)

ECONOMICS
FECO2C06-MACROECONOMICS: THEORIES AND POLICIES II

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

Part A: Multiple choice questions. Answer *all* questions. Each carries $^1/_5$ weightage.

1. The term Stagflation is coined by
   a) Keynes   b) Friedman   c) Samuelson   d) Brahmananda

2. The originator of the concept of rational expectation hypothesis
    a) Milton Friedman   b) Robert Lucas   c) John muth   d) Edmund Phelps

3. Adaptive expectation differs from rational expectation in respect of
    a) Error term associated   b) Formulations of the functions
    c) Individuals foresight about the future   d) Agents attitude towards risk

4. The Lucas supply curve is
    a) Upward sloping   b) Downward sloping
    c) Horizontal   d) Vertical

5. The Laffer curve was initially drawn in reference to the
    a) U.S economy   b) U.K economy
    c) German Economy   d) Canadian economy

6. Which among the following concepts did its critics call Voodoo-economics?
    a) Philips curve   b) Supply side economics
    c) Liquidity spectrum   d) Money Illusion

7. When the economy is at full employment any increase in aggregate demand will cause
    a) Inflation   b) Depression   c) Deflation   d) Recession

8. Rationing Model was introduced by
    a) Minsky   b) Malinvaud   c) Kalecki   d) Clower

9. Who introduced the acceleration principle into economics?
    a) Samuelson   b) Keynes   c) Kalecki   d) Brooman

10. Keynes recommended ……….. as an effective macro-economic policy.
    a) Fiscal Policy   b) Monetary Policy   c) Both a and b   d) Neither A or B

11. According to Keynes, the level of employment depends on
    a) Effective demand   b) Rate of interest   c) Saving   d) Money supply

12. The term NAIRU is associated with:
    a) Keynes   b) Friedman   c) Samuelson   d) Roger Brinner

13. The quantity theory of money was first propounded in 1588 by Italian economist
    a) David Hume   b) J.S Mill   c) Ricardo   d) Davanzatti

(P.T.O.)

14. The Purely Monetary Theory of Business Cycle is associated with
    a) Keynes   b) Hawtrey   c) Harbeler   d) Hayek

15. The classical theory of money depends on
    a) Say's law of Markets   b) Homogeneity postulate
    c) Classical dichotomy   d) All of these

(15 × **¹/₅** = 3 weightage)

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

16. Write a short note on Rationing Model.

17. What is monetarism?

18. Write a short note on supply shocks and stagflation.

19. Explain Key propositions of new Keynesian economics.

20. Give a short account on the alternate approach to political business cycle.

21. Explain the causes and consequences of the great depression.

22. Briefly explain the quantity theory of money approach.

23. Examine the Dual decision hypothesis theory.

(5 × 1 = 5 weightage)

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

24. What are the policy implications of the classical equilibrium model?

25. Describe the rational expectation hypothesis of Lucas.

26. Explain Philip's Curve with its importance in macroeconomics.

27. Write a short note on Nominal rigidities and Real rigidities.

28. Explain expectations-augmented Phillips curve analysis.

29. Examine the Rational Expectation Hypothesis.

30. Describe the classical model of output and employment.

31. Give an account on the Keynesian aggregate demand and supply schedules.

32. Discuss about the Efficiency wage theories.

33. Explain the models of New Keynesian Economics.

(7 × 2 = 14 weightage)

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

34. Describe the monetary approach to BOP and exchange rate determination. Bring out the policy implications?

35. Explain the relevance Search Theory model in labour market.

36. Critically evaluate the policy implications of politico-economic models.

37. How does the political economy of debt and deficits distress the Political and economic stability.

(2 × 4 = 8 weightage)