LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – ECONOMICS

FIRST SEMESTER – NOVEMBER 2007

EC 1807 - MACRO ECONOMICS - I

Date : 27/10/2007   Dept. No.   Max. : 100 Marks
Time : 1:00 - 4:00

PART –A   **(5 x 4 = 20 marks)**

Answer any FIVE questions in about 75 words each.

01. Distinguish between 'Aggregate demand' and 'Aggregate supply'.
02. Give the Fundamentals of Financial theory of investment.
03. Define General Equilibrium model.
04. What is meant by Phillips curve? Give a diagram.
05. Point out the various fiscal measures to control inflation.
06. Differentiate between the Linear and Non –linear functions.
07. Given the data, construct an aggregate consumption function assuming: a, that there is equal distribution of disposable income. b, that households A & C have three times the level of disposable income of B& D respectively.

HOUSEHOLDS	CONSUMPTION FUNCTION
A	$Ca = 50 + 0.80\ Yd$
B	$Cb = 5 + 0.90\ Yd$
C	$Cc = 25 + 0.85\ Yd$
D	$Cd = 4 + 0.95\ Yd$

PART –B   **(4 x 10 = 40 marks)**

Answer any FOUR questions in about 300 words each.

08. Briefly write about Keynes' psychological law of consumption.
09. Does the classical theory support the three fold concept? Comment on it.
10. Explain the NAIRU theory.
11. Describe Jorgenson theory of Investment.
12. Bring out the policy implications of the New Keynesian model.
13. Explain the interaction between the Demand pull and Cost push theory of inflation.
14. Discuss briefly the Keynesian- Classical synthesis.

PART – C   **(2 x 20 = 40 marks)**

Answer any TWO questions in about 900 words each.

15. Elaborate the Rational Expectations model.
16. Critically examine the effect of a shift in money supply under the classical conditions.
17. Elucidate the General Disequilibrium theory.
18. Explain the New Keynesian model.

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