



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – ECONOMICS

FIRST SEMESTER – NOVEMBER 2015

EC 1807 - MACRO ECONOMIC THEORY - I

Date : 05/11/2015

Dept. No.

Max. : 100 Marks

Time : 01:00-04:00

Part – A

Answer any FIVE questions in about 75 words each.

(5 x 4 = 20 marks)

1. What are the implications of J.B. Say's law of market?
2. Write a short note on aggregate demand function.
3. What are the assumptions of New-Keynesian economics?
4. What is meant by Tatonnement process?
5. Write a short note on insider-outsider model of real wage rigidity.
6. List out the causes for structural inflation in less developed countries.
7. Distinguish between action market and contract market.

Part – B

Answer any FOUR questions in about 300 words each.

(4 x 10 = 40 marks)

8. Bring out the significance of wage-price flexibility in the Classical model.
9. Briefly explain the relevance of Keynesian model in the developing countries.
10. Explain the nominal wage and price rigidities.
11. Explain the main approaches to general equilibrium and the merits of disequilibrium analysis.
12. Elucidate the financial theory of investment and mention its policy implications.
13. Briefly explain the Lucas' critics and bring out the essence of Representative Agent model?
14. Explain the natural rate hypothesis and state its policy implications.

Part – C

Answer any TWO questions in about 1200 words each.

(2 x 20 = 40 marks)

15. Elaborate the Classical theory of employment with saving and investment functions.
16. Discuss in detail the Neo-Classical theory of investment with its merits and limitations.
17. Critically examine the Rational Expectation model and explain its policy implications.
18. Distinguish between demand pull inflation and cost push inflation. Explain the relationship between the two?
