



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**M.A. DEGREE EXAMINATION – ECONOMICS**

**FIRST SEMESTER – NOVEMBER 2017**

**EC 1807 – MACRO ECONOMIC THEORY - I**

Date: 04-11-2017

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 is meant by Classical dichotomy?
2. Write a short note on Pigou effect.
3. Define marginal propensity to consume.
4. Distinguish between autonomous investment and induced investment.
5. Write a short note on Representative Agent Model.
6. What are the components of user cost of capital?
7. What do you mean by NAIRU curve?

**Part – B**

**Answer any FOUR questions in about 300 words each.**

**(4 x 10 = 40 marks)**

8. Critically analyse J.B. Say's Law of Market.
9. Explain the assumptions of New-Keynesian economics.
10. "Saving is a private virtue but a social vice" – Explain.
11. Bring out the factors affecting consumption function.
12. Describe the fixed Acceleration theory of investment.
13. Explain the Rational Expectation's model.
14. Distinguish between demand pull inflation and cost push inflation. Explain the relationship between them.

**Part – C**

**Answer any TWO questions in about 1200 words each.**

**(2 x 20 = 40 marks)**

15. Explain the short run Classical model without saving and investment.
16. Examine the macroeconomic disequilibrium model and mention its policy implications.
17. Discuss in detail the Jorgenson's theory of investment and state its limitations.
18. Bring out the relationship between unemployment and inflation with illustrations.

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