LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**M.A.** DEGREE EXAMINATION - **ECONOMICS**

FIRST SEMESTER – NOVEMBER 2010

# EC 1807 - MACRO ECONOMIC THEORY - I

Date : 13-11-10 Dept. No. Max. : 100 Marks

Time : 1:00 - 4:00

**Part –A**

**Answer any FIVE questions in about 75 words each. (5 x 4 = 20 marks)**

01. Distinguish between new-classical and neo-classical economics.

02. What are the factors affecting Keynesian consumption function?

03. Differentiate between autonomous and induced investment.

04. Mention the acceleration theory of investment.

05. What do you mean by Lucas critique?

06. Write a short note on NAIRU curve.

07. What are the theories concerning real wage rigidity?

**Part –B**

**Answer any FOUR questions in about 300 words each. (4 x 10 = 40 marks)**

08. Analyze the effect of a change in money supply in the classical case.

09. Discuss the policy implications of New Keynesian economics.

10. Explain the Financial theory of investment.

11. Derive the equation of Phillips curve.

12. Diagrammatically explain mixed inflation.

13. Briefly explain the perfect - foresight model.

14. Discuss the demerits of the macro – disequilibrium analysis.

**Part – C**

**Answer any TWO questions in about 900 words each. (2 x 20 = 40 marks)**

15. Critically analyze Keynesian consumption function.

16. Elaborate the disequilibrium macro model.

17. Explain in detail the Rational expectation model.

18. Critically examine the contents of new – Keynesian model.

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