



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A.DEGREE EXAMINATION – ECONOMICS

FIRSTSEMESTER – APRIL 2017

16PEC1MC02- MACRO ECONOMIC THEORY - I

Date: 03-05-2017
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

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. State the Psychological law of consumption.
4. Define Liquidity trap.
5. List out the causes for real wage rigidity.
6. What is meant by insider-outsider problem?
7. What are the costs of reducing inflation?

Part – B

Answer any FOUR questions in about 300 words each.

(4 x 10 = 40 marks)

8. Bring out Keynes's attack on Classical employment theory.
9. Examine the objective and subjective factors affecting consumption functions.
10. Distinguish between accounting equality and functional equality of saving and investment.
11. Discuss the monetary and fiscal policies suggested by the classical economists.
12. Briefly explain the misperception theory.
13. Explain the Efficiency Wage model.
14. Examine the trade off between unemployment and inflation.

Part – C

Answer any TWO questions in about 1200 words each.

(2 x 20 = 40 marks)

15. Compare and contrast Classical and Keynesians views.
16. Critically examine the modern theory of employment.
17. Elaborate the Real Business Cycle theory.
18. Discuss the role of monetary and fiscal policy in the Keynesian model.
