LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

SECOND SEMESTER - APRIL 2022

PEC 2502 – MACROECONOMIC THEORY - II

Date: 17-06-2022 Dept. No. Time: 09:00 AM - 12:00 NOON

PART A

Answer any FIVE questions in about 75 words each

- Depict the phases of a business cycle. 1.
- 2. Differentiate between Exogenous and Endogenous growth theories.
- 3. What should Stabilization Policy try to accomplish on the output side?
- Write a note on Lucas Critique. 4.
- 5. State the assumptions of Walrasian Equilibrium.
- Write a note on Real Business Cycle theory. 6.
- Highlight the differences between Golden age equilibrium and Knife-edge equilibrium. 7.

PART B

Answer any FOUR questions in about 300 words each

- 8. Identify the superiority of Hicksian Trade Cycle theory over the proposition made by Samuelson-Hicks' cyclical fluctuations.
- 9. Examine the contributions to growth propounded by Solow.
- 10. Depict and identify the relation between growth rates of saving and investment propounded by Harrod and Domar in their growth model.
- 11. Demonstrate the overlapping generations model by projecting its difference from infinite horizon model.
- 12. Outline the model of Human capital and growth.
- 13. Examine the methods of optimal monetary policy adopted to attain stabilization of growth indicators.
- 14. Compare and contrast the Classical and Keynesian versions of theory of fluctuations.

PART C

Answer any TWO questions in about 1200 words each

- 15. Derive the Samuelson -Hicks model of trade cycle.
- 16. Elucidate the Solow-Swan model as an extension of Neo-classical growth models.
- 17. Demonstrate the R&D model of knowledge accumulation.
- 18. Establish the relation between inflation and unemployment from the contributions of Friedman, Phelps and Lucas.

(2x20=40Marks)

(4x10=40 Marks)

Max.: 100 Marks

(4x5=20Marks)