



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

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

FIRST SEMESTER – NOVEMBER 2016

**16PEC1MC02 - MACRO ECONOMIC THEORY - I**

Date: 04-11-2016  
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

**Part – A**

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

1. Distinguish between Classical and Keynesian views on voluntary unemployment.
2. State the fundamental postulates of Classical theory?
3. Write a short note on accounting equality of saving and investment.
4. Define aggregate demand function.
5. What is meant by nominal wage rigidity?
6. State the significance of menu cost.
7. Write a short note on long run Phillips curve.

**Part – B**

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

8. Critically analyse the Say's law of market.
9. Bring out the implications of Keynes's psychological law of consumption.
10. What is meant by consumption function? Suggest measures to stimulate consumption function.
11. "Saving, a private virtue or public vice" – Discuss.
12. Derive the aggregate supply function.
13. Explain the non-neutrality of money and its policy implications.
14. Examine the stabilization policy in the Keynesian model.

**Part – C**

**Answer any TWO questions in about 1200 words each. (2 x 20 = 40 marks)**

15. Explain the Classical model with saving and investment.
16. Elaborate the IS-LM model and bring out the causes and consequences of shifts in IS and LM curves.
17. Elucidate the Real wage and price rigidities in the New-Keynesian model.
18. Discuss in detail about the expectations-augmented Phillips curve.

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