LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – ECONOMICS

FIRST SEMESTER – NOVEMBER 2016

EC 1807 - MACRO ECONOMIC THEORY - I

Date: 02-11-2016   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 Real balance effect?

2. Define APC and MPC.

3. Differentiate MEC and MEI.

4. List out the assumptions of New-Keynesian economics.

5. Write a short note on Representative agent model.

6. What is meant by structural unemployment?

7. What are NAIRU curves?

Part – B

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

8. Briefly explain the Say's law of market and criticism leveled against it.

9. State the Keynes psychological law of consumptions and bring out its implications.

10. Examine the factors affecting consumption function.

11. Explain the Keynesian theory of investment.

12. Give short explanation of the following:

    a. Tatonnement

    b. Distributions Effects

    c. Spillover Effects

13. Explain three sector disequilibrium model.

14. Examine the trade off between inflation and unemployment with suitable diagram.

Part – C

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

15. Critically examine the Classical theory of employment.

16. Explain the following:

    a. Nominal wage and price rigidities

    b. Real wage and price rigidities.

17. Discuss in detail the Neo-Classical theory of investment.

18. Elaborate the Rational expectation theory and what are its policy implications?

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