SECOND SEMESTER M.A. DEGREE EXAMINATION, APRIL 2021

(CUCSS - PG)

(Regular/Supplementary/Improvement)

CC19P ECO2 C06 - MACRO ECONOMICS: THEORIES AND POLICIES II

(Economics)

(2019 Admission onwards)

Time: Three Hours   Maximum: 30 Weightage

Part A

Answer *all* questions. Each question carries 1/5 weightage.

Multiple Choice Questions:

1. The ratio of nominal value of income to the nominal money stock is known as

   (a) The income velocity of the circulation of money (b) real money (c) demand to hold money (d) money supply

2. Who introduced Partition Business Cycle Theory?

   (a) Douglas Hibbs (b) Keynes (c) Alfred Marshall (d) Pigou

3. Unemployment can be lowered by expanding

   (a) Aggregate supply (b) supply (c) fiscal deficit (d) aggregate demand

4. In the Insider-Outsider model, unemployment results because

   (a) The real wage is set below the market clearing level

   (b) the real wage is set above the market clear level

   (c) the real wage is between the market clearing levels

   (d) None of the above.

5. The Real Business Cycle Theory is a modern version of

   (a) Keynesian Economics   (b) Classical Economics

   (c) Neo-Classical Economics   (d) New Keynesian Economics.

6. New Keynesian Economists believe that unemployment is

   (a) Involuntary (b) disguised (c) educated (d) None of the above

7. The Efficiency Wage Model recognise that labour productivity depends on

   (a) The wage rate   (b) efficiency of the labourers

   (c) on the mercy of the employer   (d) All of the above

8. The term NAIRU is the contribution of

   (a) Robert Lucas (b) J M Keynes (c) Milton Friedman (d) None of the above

9. The Opportunistic Model is developed by

    (a) Arthur Lewis   (b) William Nordhaus

    (c) Keynes   (d) Adam Smith.

10. The surprise supply function is developed by

    (a) Mankiw   (b) Lucas   (c) J M Keynes   (d) None of the above

11. According to Keynes the supply of labour at current money wage rate is

    (a) perfectly elastic   (b) perfectly inelastic

    (c) inelastic   (d) elastic

12. Who among the following is a new classical economist?

    (a) Robert Lucas   (b) J.M Keynes

    (c) Alfred Marshall   (d) David Ricardo

13. The two branches of the Political Business Cycle are

    (a) Micro and Macro   (b) Growth and Development

    (c) Opportunistic and Partisan   (d) All the above.

14. The theory of Rational Expectation was first developed by

    (a) John. F. Muth   (b) Presscot   (c) Sargent   (d) Robert Lucas

15. The adaptive expectations, which dated back to Irving Fisher's book "The Purchasing Power of Money", 1911 was introduced into Economics by

    (a) Monetarists   (b) New Keynesians

    (c) Classical Economists   (d) Neo-Classical Economists

(15 × 1/5 = 3 Weightage)

Part B (Very Short Answer Questions)

Answer any *five* questions. Each question carries 1 weightage.

16. Define Stagflation

17. What is meant by monetary surprise?

18. What do you understand by the term Adaptive Expectations?

19. Explain NAIRU?

20. Explain Keynesian Resurgence?

21. What is Efficiency Wage Rate?

22. Define Laffer curve

23. Distinguish between fiscal and monetary policy effectiveness.

(5 × 1 = 5 Weightage)

Part C (Short Answer Questions)

Answer any *seven* questions. Each question carries 2 weightage.

24. Explain Lucas' surprise supply function?

25. Explain the Expectation Augmented Philips Curve?

26. Explain Small Menu Cost Model?

27. Comment on Keynes' rejection of Say's law?

28. Explain Implicit Wage Contract Model?

29. Explain Core propositions and features of New Keynesian Economics?

30. Sketch the Classical Labour market?

31. Explain the decline and renaissance of opportunistic and partisan models?

32. Explain insider-outsider model and its implications?

33. Explain the central features of real business cycle models?

(7 × 2 = 14 Weightage)

Part D (Essay Questions)

Answer any *two* questions. Each question carries 4 weightage.

34. Explain Keynes' views on how to pay for the war, Causes and consequences of the Great Depression and Keynesian policy conclusions?

35. Critically Evaluate Nordhaus Political Business Cycle model and Hibbs Partisan model?

36. Explain the monetary approach to balance of payments theory and exchange rate determination and the monetarist view of great depression?

37. Explain the Supply Side Macro Economics?

(2 × 4 = 8 Weightage)

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