SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2019

(CUCSS)

Economics

EC 02 C06—MACRO ECONOMICS : THEORIES AND POLICIES—II

(2015 Admissions)

Time : Three Hours   Maximum : 36 Weightage

Part A

Answer **all** *questions.*
Each question carries a weightage of $\frac{1}{4}$.

1. The classical economists believed that the demand for labour is a function of :

    (a) Total money wages.   (b) Money wage rate.

    (c) Total real wages.   (d) Real wage rate.

2. In classical theory of employment, there is the possibility of :

    (a) Voluntary unemployment.   (b) No unemployment.

    (c) Involuntary unemployment.   (d) Disguised unemployment.

3. The idea that a general cut in wages will finally lead to a state of full employment was suggested by :

    (a) Keynes.   (b) Marshall.

    (c) **J.B.** Say.   (d) A.C. Pigou.

4. Robert Lucas is associated with   school of economics.

    (a) New classical.   (b) Classical.

    (c) Keynesians.   (d) None.

5. Fluctuations in economic activities refers to

    (a) Inflation.   (b) Deflation.

    (c) Business cycle.   (d) None.

6. MPC means

    (a) Marginal propensity to consume. (b) Ratio of change in consumption to income.

    (c) Both (a) and (b).   (d) None.

7. General equilibrium was developed by

    (a) Walras.   (b) Clovver.

    (c) Lucas.   (d) None.

Turn over

8. Notional demand was developed by

   (a) Walras.   (b) Clower.

   (c) Lucas.   (d) None.

9. Relationship between tax rate and tax revenue depicted curve is called

   (a) Laffer curve.   (b) Dual decision hypothesis.

   (c) Stagflation.   (d) None.

10. Menu cost is related to

   (a) New Keynesian economics.   (b) Classical.

   (c) New classical.   (d) None.

11. The normal condition of a capitalist economy in classical theory is

   (a) Underemployment.   (b) Full employment.

   (c) General unemployment.   (d) Frictional unemployment.

12. The law which states that supply creates its own demand and overproduction is impossible is known as _____

   (a) The law of supply.   (b) Say's law of market.

   (c) Law of demand.   (d) Law of macro economics.

(12 x $\frac{1}{1}$ = 3 weightage)

Part B

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

13. Cost of inflation.   14. Long run Philips curve.

15. Underemployment equilibrium.   16. Wage rigidity.

17. Types of inflation.   18. Laffer curve.

19. Efficiency wage theory.   20. Causes of inflation.

(5 x **1**   5 weightage)

Part C

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

21. Structurilist theory of inflation.

22. Neoclassical labour market equilibrium.

23. DMP model.

24. Over investment theory of Hayek.

25. Kaldor theory of business cycle.

26. Rational expectation hypothesis.

27. Techniques of monetary policy.

28. Keynesian labour market equilibrium.

29. Inside and outsider model.

30. Real business cycle theory.

31. Augmented Philips curve.

(8 x 2 = 16 weightage)

Part D

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

32. Hicks theory of business cycle.

33. New Keynesian economics.

34. Dynamic stochastic general equilibrium model.

35. Fiscal policy under fixed exchange rate.

36. Mundell-flemming model.

(3 x 4 = 12 weightage)