M A DEGREE END SEMESTER EXAMINATION MAY - 2015
M A ECONOMICS   SEMESTER - 2
COURSE: P2ECOT07 - ADVANCED MACROECONOMIC THEORY AND POLICY

Time: 3 Hours   Max. Marks: 75

PART-A

*Answer **any eight** of the following in three or four sentences. Each question carries **2** marks*

1. Inflationary gap.
2. Wage-price-spiral.
3. Taylor rule.
4. NAIRU model.
5. Monetarist counter revolution.
6. Laffer curve.
7. Super neutrality of money.
8. Effective and notional quantities.
9. Dual decision hypothesis.
10. Insider - outsider model.
11. Efficiency wage hypothesis.
12. Implicit contract model.

(2 x 8 = 16)

PART- B

*Answer **any seven** of the following not exceeding 2 pages each. Each question carries **5** marks*

13. Distinguish between Keynesian and monetarist approaches to inflation.
14. Examine the theoretical rationale behind Phillips empirical relationship.
15. Explain the role of monetary policy in controlling inflation.
16. Trace the historical development of orthodox monetarism.
17. Compare and contrast the adaptive expectations and rational Expectations hypotheses.
18. Explain the inter temporal substitution model of Lucas and Rapping.
19. Explain the views of real business cycle theorists on macro-economic fluctuations and stabilization policies.
20. What are the basic ideas of the supply side school?

21. What is nominal wage rigidity? What are the New Keynesian explanations of nominal wage rigidity?

22. How does the small menu cost model explain nominal price rigidity?

(5 × 7 = 35)

PART-C

Write long essay on any two of the following. Each question carries 12 marks

23. What do you meant by expectations augmented Phillips curve? What are it's policy implications?

24. Explain the three main sub-hypotheses of New Classical macro-economics. Examine it's implications for the effectiveness of stabilization policy.

25. Explain the re-interpretation of Keynes as disequilibrium macro-economics.

26. Is money neutral? Examine the views of different schools regarding the role of money in the economy.

(12 × 2 = 24)

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