

M.A. DEGREE END SEMESTER EXAMINATION APRIL 2016

SEMESTER -2 : ECONOMICS

COURSE: P2ECOT07- ADVANCED MACROECONOMIC THEORY AND POLICY
(Common for Regular- 2015 Admission /Supplementary-2014 Admission)

Time : Three Hours

Maximum Marks : 75

PART-A

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

1. Inflation targeting
2. Natural rate of unemployment
3. Stagflation
4. Supply side shocks
5. Inter temporal substitution model
6. Solow residual
7. DSGE model
8. Adaptive expectations hypothesis
9. Walrasian equilibrium
10. Disequilibrium Keynesianism
11. Insider-outsider model
12. Asymmetric information

(2 x 8 = 16)

PART- B

Answer **any seven** of the following not exceeding two pages. Each question carries **five** marks

13. Distinguish between demand pull inflation and cost push inflation.
14. Explain the monetarist approach to inflation.
15. What is Laffer curve? What are it's policy implications?
16. Discuss Lucas Surprise model and examine it's policy implications.
17. What are the basic postulates of monetarism?
18. What do you meant by Rules v/s Discretion in the conduct of monetary policy?
19. Examine the salient features of dual decision hypothesis of Clower.
20. Examine the typology of unemployment developed by Malinvaud.
21. Discuss briefly the efficiency wage theory.
22. What are the fundamental arguments of the post Keynesian school?

(5 x 7 = 35)

PART-C

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

23. Examine the importance of Phillips curve in Keynesian macro-economics.

How did Friedman criticize the conventional Phillips curve?

24. Account for the decline of Keynesian economics and the emergence of monetarism

and New classical macro-economics in the 1960's and 1970's.

25. What are the features of Kydland-Presscott approach to Business cycles?

26. Analyse the basic postulates of New Keynesian macro-economics.

(12 × 2 = 24)