Reg. No. : ....

Name : ....

First Semester M.A. Degree Examination, August 2021

Business Economics

BE 212– MACRO ECONOMIC ANALYSIS

(2016 Admission Onwards)

Time : 3 Hours   Max. Marks : 75

SECTION – A

Answer **all** questions in one or two sentences.

1.   Keynesian cross

2.   Expenditure multiplier

3.   LM curve

4.   Phillips curve

5.   High powered money

6.   Open market operations

7.   Real cash balance

8.   Natural rate of unemployment

9.   Pigou effect

10. Classical dichotomy

(10 × 1 = 10 Marks)

SECTION – B

Answer any **seven** questions. Each answer should not exceed **500** words:

11. Explain the liquidity preference theory.

12. What is marginal efficiency of capital?

13. Derive the aggregate demand curve from IS-LM model.

14. What is impossible trinity?

15. Show the impact of an expansionary fiscal policy on income and interest rate under IS-LM framework. What would happen if it is a contractionary monetary policy instead?

16. Explain the expectations augmented Phillips curve.

17. Explain the rational expectations hypothesis.

18. Explain the cash balance approach to money demand.

19. Briefly discuss about the Latin American crisis of 1980s.

20. Compare and contrast the new classical and Keynesian views of the way labour markets function.

(7 × 5 = 35 Marks)

SECTION – C

Answer any **three** questions. Each answer should not exceed **1200** words:

21. Discuss the Classical theory of employment and output. What are the Keynes' criticisms to Classical theory?

22. Elaborate the real business-cycle theories. How do they differ from the Keynesian explanation of a business cycle?

23. Describe the effectiveness of fiscal and monetary policies under a flexible exchange rate system using Mundell-Fleming model.

24. Explain the portfolio theories of demand for money. How do they differ from the quantity theory of money?

25. Elaborate the causes and impacts of the Global Financial Crisis of 2008

(3 × 10 = 30 Marks)

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