



(Pages : 2)

E – 3801

Reg. No. : .....

Name : .....

**Fourth Semester M.A. Degree Examination, July 2018**

**Branch : Economics**

**EC 241 : MACRO ECONOMICS – II**

**(2013 Admission Onwards)**

Time : 3 Hours

Max. Marks : 75

SECTION – A

I. Define the following in **one** or **two** sentences.

- 1) Okun's law.
- 2) The time inconsistency proposition.
- 3) Augmented Phillips curve.
- 4) Rational expectation.
- 5) NAIRU.
- 6) Cold Turkey.
- 7) Money illusion.
- 8) Monetarism.
- 9) Policy surprise.
- 10) Twin deficit.

(10×1=10 Marks)

SECTION – B

II. Answer **any seven** questions out of ten, **each not** exceeding **500** words.

- 11) Distinguish between Rational expectation and Adaptive expectation.
- 12) Explain the Keynesian and monetarist theorem of inflation.
- 13) Distinguish between Gradualism and Cold Turkey.
- 14) Explain Laffer curve.
- 15) Explain policy ineffectiveness proposition.

P.T.O.



- 16) Explain why Keynesian labour market remains with involuntary unemployment.
- 17) Critically examine Real Business Cycle Theory.
- 18) Explain the unique features of efficiency wage hypothesis.
- 19) Explain the stages of business cycle. What is Keynesian justification for downswing and upswing of cycles ?
- 20) Explain Ricardian Equivalence Theorem. (7×5=35 Marks)

SECTION – C

III. Answer **any three** questions out of five, **each not** exceeding **1200** words.

- 21) Explain multiplier and accelerator theories. How can we use it to explain business cycles ?
  - 22) Explain inflation and unemployment. How they are related ? Analyse it in the light of available theories and empirical evidences.
  - 23) Explain the relative merits and demerits of monetary and fiscal policies. Analyse the major policy issues.
  - 24) Briefly discuss various schools of thought in Keynesian Economics.
  - 25) Explain the Keynesian and classical views on interest. Critically examine the Keynesian view that speculative demand for money can be infinitely interest elastic. (3×10=30 Marks)
-