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	(20 ECONOMICS/APPLIED	CBSS-Reg/Suppl/Imp.) Examination 14 Admission Onwards) ECONOMICS/DEVELOPMENT EC : Macroeconomic Theory – II	Isolitish 7
Tin	ne : 3 Hours		Max. Marks : 6
		PART – A	
Α	nswer all questions. All que	stions carry equal marks. Choose the	correct answer
1.	An inverted U-shaped grap	hic relation between tax revenue and to	ax rate is
	a) Phillip's curve	b) Laffer curve	
	c) Kuznet's curve	d) Offer curve	
2.	Inflation in the economy is m	easured on the basis of the WPI without	
	a) Headline inflation	b) Core inflation	
	c) CPI based inflation	d) Hyper inflation	
3.	The long run relationship b	etween inflation and interest rates is ca	ılled
	a) Keynes effect	b) Pigou effect	
	c) Fischer effect	d) Patinkein effect	
4.	The tendency of increase in investment spending is	government spending to cause reductio	ns in private
	a) Crowding-in effect	b) Crowding-out effect	
	c) Cross subsidization	d) Fiscal effect	

b) Karl Brunner

d) Allan Meltzer

5. Among the following economists, who is a Keynesian?

a) James Tobin

c) Anna Schwartz

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- 6 The horizontal portion of the LM curve is called
 - a) The classical range
- b) The Keynesian range
- c) The intermediate range
- d) The neo-classical range
- 7. Rational expectation is associated with
 - a) Monetarists

b) Keynesians

c) New classicals

- d) Neo-classicals
- For every one per cent increase in the unemployment rate, the growth rate in real GDP falls by about two per cent
 - a) Kuznets' law

b) Phillips' curve

c) Okun's law

d) Paradox of thrift

 $(8 \times \frac{1}{2} = 4)$

PART - B

Answer any eight questions. Each answer should not exceed half page.

- 9. Write a note on adaptive expectations.
- 10. What is Real Balance effect?
- 11. Distinguish between devaluation and depreciation.
- 12. What is J-curve?
- 13. Write a note on Keynesian unemployment.
- Explain new classical economics.
- 15. What is Okun's law?
- 16. What do you mean by quantitative easing?
- 17. Write a note on reflation.
- 18. Write a brief note on insider outsider models.
- 19. What is hysteresis?

 $(8 \times 2 = 16)$



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PART - C

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Answer any four questions. Each answer should not two and a half pages.

- 20. Explain monetary approach to balance of payments.
- 21. Briefly narrate Mundell-Fleming model.
- 22. What are the objectives of macroeconomic policies ?
- 23. Distinguish between fiscal and monetary policy.
- 24. Write a brief note on sticky price (menu cost) models.
- Contrast the new classical and Keynesian views of the way labour markets function. (4x5=20)

PART - D

Answer any two questions. Each answer should not exceed six pages.

- 26. Critically explain Real Business Cycle (RBC) theory.
- 27. Explain the major policy prescriptions of supply side economics.
- 28. Explain the concept of Phillips curve. Is there any difference between monetarist and Keynesian views of the Phillips curve.
- Examine the arguments for and against intermediate targeting of monetary aggregate.

 (2×10=20)