K23P 0410

Reg. No. : ....

Name : ....

II Semester M.A. Degree (CBSS – Reg./Supple./Imp.)
Examination, April 2023
(2019 Admission Onwards)
ECONOMICS/APPLIED ECONOMICS/DEVELOPMENT ECONOMICS
ECO2C06 : Macroeconomic Theory – II

Time : 3 Hours Max. Marks : 60

PART – A

Answer **all** questions. **All** questions carry ½ mark.

1. The IS-LM model was developed by
   A) J. M. Keynes B) Patinkin
   C) Hicks and Hansen D) Schumpeter
2. What is the shape of Long Run Philips Curve ?
   A) Inverted U shape B) Horizontal
   C) Inverse L shape D) Vertical
3. According to Keynes investment is a function of
   A) Dumping B) Income
   C) Saving D) Interest
4. Which of the following economists is the Chief Advocate of supply side economics ?
   A) Arthur Laffer B) Robert Lucas
   C) Neil Wallace D) Both A) and C)
5. The Laffer Curve is associated with
   A) New Classical Economics B) Supply Side Economics
   C) Keynesian Economics D) New Keynesian Economics

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6. Advocates of New Classical Economics are
   A) Robert Lucas B) Neil Wallace
   C) Thomas Surgent D) All the above
7. The idea of adaptive expectation associated with
   A) Natural Unemployment rate Hypothesis
   B) New Classical Economics
   C) Both A) and B)
   D) None of these
8. New Classical Economics is consistent with
   A) Policy ineffectiveness postulates B) Policy effectiveness postulates
   C) Both A) and B) D) None of these (8×½=4)

PART – B

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

9. What is Foreign Exchange Market ?
10. Explain pegging.
11. What do you mean by depreciation ?
12. Explain briefly under employment equilibrium.
13. Explain supply side economics.
14. Explain dual decision hypothesis.
15. What do you mean by monetary policy ?
16. Explain income policy.
17. Explain shortly Okun's Law.
18. Explain Laffer Curve.
19. What do you mean by Adaptive Expectation ? (8×2=16)

PART – C

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

20. Explain Foreign Exchange Market and its determination.
21. Explain monetary approach to BOP.
22. Explain Augmented Philips Curve.
23. Describe the cost of inflation.
24. Explain Real Business Cycle.
25. Explain fiscal policy and crowding out effect. (4×5=20)

PART – D

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

26. Explain both fiscal and monetary policy and its role in stabilization process.
27. Critically examine New Keynesian Economics.
28. Explain the major implications of New Classical Macroeconomics.
29. Distinguish the Keynesian and Monetary approach to inflation. (2×10=20)

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