



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**M.A.DEGREE EXAMINATION – ECONOMICS**

**FIRSTSEMESTER – APRIL 2018**

**17/16PEC1MC02- MACRO ECONOMIC THEORY - I**

Date: 02-05-2018  
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

**Part – A**

**Answer any FIVE questions in about 75 words each. (5 x 4 = 20 marks)**

1. Explain the concept of Laissez faire.
2. Write a note on Says law of market.
3. Distinguish between Capital and Investment.
4. State the implications of Keynes Psychological Law of Consumption.
5. List out the Keynes criticism against classical assumptions.
6. What is meant by Menu Cost?
7. Write a short note on the nature of Long-Run Phillips curve.

**Part – B**

**Answer any FOUR questions in about 300 words each. (4 x 10 = 40 marks)**

8. Explain the Classical labour market equilibrium.
9. Distinguish between Accounting equality and Functional equality.
10. Evaluate the Real Business Cycle theory.
11. Bring out the role of money and monetary policy in the classical model.
12. Briefly explain the causes for real wage rigidity.
13. Explain the misperception theory and non-neutrality of money.
14. Examine the cost of reducing inflation.

**Part – C**

**Answer any TWO questions in about 1200 words each. (2 x 20 = 40 marks)**

15. Analyze the Classical and Keynesian views on full employment equilibrium using IS-LM model.
16. Discuss in detail the equilibrium in the AD-AS model.
17. Critically examine the Efficiency Wage model.
18. Elaborate the effect of changes in the rate of inflation and supply shocks in Phillips curve.

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