2022

1st Semester Examination

ECONOMICS

Paper : ECO 102

(Advanced Macroeconomic Theory)

Full Marks : 40   Time : Two Hours

The figures in the margin indicate full marks.
Candidates are required to give their answers
in their own words as far as practicable.

Group - A

Answer any *two* of the following questions :   2×2=4

1. What do you mean by consensus macroeconomics?

2. Distinguish between neo-classical and neo-Keynesian macroeconomics?

3. What is the basic proposition of the real business cycle theory?

4. How does exchange take place in the Barro-Grossman model with non-market-clearing condition? What are its implications?

P.T.O.

Answer any *two* of the following questions :   4×2=8

5. Discuss the causes of the breakdown of 'consensus macroeconomics'.

6. In how many ways a rise in the rate of interest is related to the bank's earning? In this context, explain the concept of credit-rationing.   3+1

7. How does the efficiency wage theory explain the existence of involuntary unemployment?

8. Present the basic structure of the overlapping-generation model.

Answer any *one* of the following questions :   8×1=8

9. Critically discuss any one of the neo-Keynesian models which tries to explain the business cycle fluctuations with micro-foundation.

10. Explain briefly how the effective equilibrium is determined in the Barro-Grossman model under the situation of general excess supply.

Group - B

Answer any *two* of the following questions :   2×2=4

11. Explain the theoretical background of Phillips Curve.

12. Distinguish between adaptive expectation and rational expectation.

13. Derive the Expectation Augmented Phillips Curve and interpret it.

14. Explain Hall's random walk hypothesis.

Answer any *two* of the following questions :   4×2=8

15. What is Seigniorage. Derive the optimum growth of money under Siegniorage and interpret it.

16. Prove that under rational expectation hypothesis there is no trade-off between inflation and unemployment.

17. Explain the distinctive features of Malinvaud's unemployment disequilibrium model.

18. Individual Liquidity Preference Schedule (LPS) is a step function while the aggregate LPS is downward sloping-Explain.

Answer any *one* of the following questions :   8×1=8

19. Explain the trade-off between inflation and unemployment under Adaptive Expectation Hypothesis in the short run and in the long run.

20. Define hyperinflation with two evidences. Under Cagan model of hyperinflation prove that price at time 't' depends on future expected money supply.   2+6