

Master of Arts Examination, 2018

(1st year, 2nd semester)

Economics

Macroeconomics II (OLD)

Time: Two hours

Full Marks: 30

Answer any three.

1. Explain Dynamic Inefficiency in Solow model. Can it occur in Ramsey model? If yes, why? If not, why not? Discuss the condition under which dynamic inefficiency occurs in OLG model. What is the reason for having such inefficiency in OLG model? 4+2+4
2. Describe AK model of growth. Was this class of model successful in endogenizing the long-run growth rate? Describe the limitations of this model. 6+2+2
3. Consider standard Ramsey model. Using Phase diagram show that the equilibrium is saddle path stable. 10
4. How does Romer (1990) model contribute to endogenous growth theory? Are the competitive economy growth rate and command economy growth rate same in Romer(1990) model? Explain your answer with intuitive reasons 5+5