

**MASTER OF ARTS EXAMINATION, 2017**

( 1st Year, 1st Semester )

**ECONOMICS**

**MACROECONOMICS (OLD)**

Time : Two hours

Full Marks : 30

Answer any Two

1. Consider a small open economy with fixed exchange rate system. Assume some kind of semi-monopolistic price formation. Suppose that real wages rise as the economy approaches full-employment. Examine the effect of a curb in the monopoly power on output and employment.

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2. (a) In the conventional IS-LM model of output-market and money market interaction what is the role of Walras law?

(b) Do you think that this law holds in the neoclassical synthesis of Keynesian 'General' theory? Discuss in details

(c) How can you provide a micro-foundation of Keynesian consumption function?

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3. With the help of dual economy models critically discuss the proposition that better prices for agricultural product solve the effective demand problem of the industrial sector.

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4. Consider 3 markets: product market, bond market and labour market and three agents: firm, household and government. Following Benassy develop a disequilibrium macro-economic framework and discuss the case of excess supply in both output and labour markets.

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