

MASTER OF ARTS EXANATION, 2017
(1st Year, 1st Semester)

ECONOMICS

MACROECONOMICS-I

Time: Two hours

Full Marks: 30

Answer ANY TWO

(1) (a) What kind of consumption function you can derive from the Walrasian Neoclassical framework?

(b) What modification is needed to the Walrasian neoclassical framework to derive the consumption function postulated by Keynes?

(c) Following Benassy develop an IS-LM framework and examine the possibility of excess supply in both output and labour markets.

2+3+10=15

(2) Assume that the workers fix their real wages in terms of both domestic and foreign goods and demand higher real wages as actual output rises towards the full-employment level. Consider a semi-monopolistic price formation where unit cost consists of labour cost only.

(a) Elaborate the assumptions needed to justify this type of price formation.

(b) Add other assumptions to develop a macro-static model.

(c) Examine the possibility of structural unemployment problem that has real wage resistance and the rigidity of profit-mark-up at the root.

(d) Examine alternative policy prescriptions to solve the problem.

2+2+8+3=15

(3) 'Capitalism is not necessarily a zero-sum game'-critically discuss this statement in the light of a suitable macroeconomic model.

15

(4) Apply the concept of rational expectation and expectation-augmented supply curve in an appropriate macroeconomic framework and compare the effects of anticipated and unanticipated changes in monetary policy.

15