P.G. 1st Semester - 2018
ECONOMICS
(Macroeconomics Analysis)
Paper : MECOCCT102

Full Marks : 40   Time : 2 Hours

The figures in the right-hand margin indicate marks.

Candidates are required to give their answers in their own words as far as practicable.

Answer any **four** questions.   10×4=40

1. How are the National demand and supply functions derived? State the purpose of dual decision hypothesis in this respect.   3+7

2. Consider a general equilibrium model with labour as the only variable input and an amount of non-wage wealth. Derive the effect of an increase in non-wage wealth on commodity and labour market equilibrium.   10

3. Consider New classical policy proposition (Lucas critique) and explain the following:

    i)   Effect of anticipated change in private investment by the workers.

    ii) Effect of unanticipated change in private investment by the workers.   5+5

4. Suppose the short-run aggregate supply curve is $P = EP + \dfrac{1}{\alpha}(Y - \overline{Y})$, where P=price level; EP = Expected price level, $Y - \overline{Y}$ =Deviation of level of income from full employment output.

    Explain how the Phillips curve equation can be derive from it.   10

5. Consider a typical real business cycle model. Explain the intertemporal labour substitution hypothesis following this school. Illustrate the impact of favourable technology shock in this model.   4+6

6. Following Solow (1979), give a basic structure of efficiency wage models. How does the shirking model of Shapiro-Stiglitz (1984) explain involuntary unemployment in equilibrium.   7+3

—————