M.A. Examination 2023
Semester—I
Economics
Course C-2
(Macroeconomics-I)

Time: 3 hours **Full Marks: 40**

Questions are of value as indicated in the margin

Answer any four questions

1. Compare and contrast the monetary policy implications across the Classical, Monetarist and New Classical frameworks. 3+4+3

2. Discuss the structure of a Kaleckian one-department macro-model. In this context, discuss the derivation of equilibrium GDP and the general price level. 4+3+3

3. How does the goods market of an open economy maintain the stability in external balance? – analyze through two hypothetical thought experiments: (a) expansionary policy and (b) devaluation. 5+5

4. Write a short note on the open economy extension of the New Keynesian model. Explain the relationship between exchange and interest rates of an open economy through the model of Uncovered Interest Parity. 5+5

5. (a) Why do industrial leaders of modern capitalism consistently oppose the maintenance of full employment by government spending, though their profits rise? Answer in the light of Kaleckian framework.
(b) Show how the policy decision of these 'industrial leaders' generates a 'political business cycle' rather than a consistent 'synthetic boom'.
(c) Why does the same regime of big business prefer to achieve a state of full employment by government spending in a fascist state? 4+4+2

6. What is the justification behind extending traditional one commodity framework into two department scheme originally assumed by Marx in order to build up an alternative macroeconomic foundation? Show using the alternative framework of two department scheme how the multiplier mechanism still works even when the economy reaches the full employment. 2+8

7. (a) How does error of confusing historical categories make the use of conventional accounting system difficult?
(b) What implication you can have from circular flow of national income on analogy between income of an individual and that of a capitalist economy? 2+8

8. Critically analyse the theoretical premise of 'microfoundations of Macroeconomics'. 10