

International Islamic University Chittagong

Department of Economics & Banking

Ending Examination; Spring 2023

Program: BSS (Hons) in Economics & Banking

Course Code: ECON-2402

Course Title: Intermediate Macroeconomics

Time: 2.5 Hours

Full Marks: 50

[Answer the following questions. Figures in the right margin indicate full marks.]

QN	Description of Questions	Marks	CLOs	Cognitive learning
1(a)	What is aggregate demand? How can you explain the effect of an increase in the rate of interest on aggregate demand curve?	3	CLO2, PLO4	Understanding
1(b)	Formulate the aggregate demand curve with varying price level.	3		Evaluating
1(C)	Elucidate the multiplier effect of an increase in investment through the AD-AS model when price level remains constant and price level rises.	4		Analyzing
Or				
1(a)	Compare between short-run and long-run aggregate supply curve.	2		Analyzing
1(b)	Make a lists of the factors which are liable to change in long-run aggregate supply curve.	3		Applying
1(C)	Briefly explain AS-AD model of determination of national output. With this model clarify the impact of (1) increase in aggregate demand and (2) decrease in aggregate supply on price level and aggregate output.	5		Evaluating
2(a)	“Perhaps the most important drawback of classical theory is its failure to explain the Great Depression”. Defend this statement with proper reasoning.	3	CLO5, PLO1	Evaluating
2(b)	Illustrate the debate of Classical and Keynesian economists regarding the role of money.	7		Creating
3(a)	Exemplify a general equilibrium analysis of the effect of wage cut on employment.	5		Creating
3(b)	Explain the concept of involuntary unemployment. Distinguish the view of Classical and Keynesian economists about the persistence of involuntary unemployment.	5	CLO4, PLO3	Analyzing
4(a)	Elucidate the concept of disguised unemployment with the necessary graph.	4		Understanding
4(b)	State the causes of unemployment in developing country like Bangladesh. What policy would you suggest to solve this problem?	6	CLO5, PLO1	Remembering
5(a)	‘Inflation is a purely monetary phenomenon’. Do you support this view of monetary economists? Why or why not?	2		Evaluating
5(b)	Interpret the concept of wage price spiral.	2		Applying
5(c)	“Inflation in the less developed countries can be explained in terms of the structural features of these economies”. Discuss with necessary points.	3		Understanding
5(d)	Inflation or deflation which one is more desirable according to your viewpoints? Justify with example.	3	CLO3, PLO1	Evaluating

Or

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| 5(a). | Categorize the factors that causing downward slope of the Phillips curve. What is the policy significance of downward slope? | 3 | Analyzing |
| 5(b) | Compare between adaptive expectations rational expectation. Construct the shape of Philips curve with the help of those two expectation theory. | 7 | Evaluating |