International Islamic University Chittagong

Department of Economics & Banking

Semester End Examination; Autumn-2023 Program: BSS (Honors) in Economics & Banking

Course Code: ECON-2402 Course Title: Intermediate Macroeconomics

Time: 2.5 Hours Full Marks: 50

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

QN	Description of Questions	Marks	CLOs & PLOs	Cognitive learning
1(a)	How does the Keynesian aggregate supply curve differ from the classical one? Briefly explain their policy implications.	3	CLO2, PLO4	Understanding
1(b)	How can you explain the effect of the change in foreign trade and real balance on aggregate demand curve?	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
2(a)	Long-run aggregate supply change it position for various reasons. Is there any change is possible when change occur in money wage or other resources price? Explain.	3	CLO3, PLO4	Analyzing
2(b)	What is meant by stagflation and how does it occur? Mention your views in this regard with graph and example.	3		Applying
2(c)	What, according to Classical and Keynesian economists, are the impacts of expansionary fiscal and monetary policies through the AD-AS model on aggregate output and price level in the economy? Explain with diagram.	4		Evaluating
	or			
2(a)	'The role of money is neutral in economy'. Explain this statement with the help of classical dichotomy and also mention the Keynes's theory regarding this matter.	6	CLO3, PLO4	Evaluating
2(b)	Are savings automatically invested? Explain the Classical and Keynesian views regarding savings.	4		Creating
3(a)	Consider a situation where workers who are seeking work or willing to work at the prevailing wage rate but are unable to get jobs. Elucidate the thoughts of Keynesian and classical economist under the situation of involuntary unemployment and labour market equilibrium.	5	CLO4, PLO3,5	Evaluating
3(b)	Elucidate the concept of disguised unemployment with necessary graph. How can the problem of disguised unemployment in developing countries be solved?	5		Analyzing
	or			
3(a)	Discuss the Classical views of wage-cut and unemployment. Delineate Keynes's critique in this regard with the necessary graph.	6	CLO4, PLO3,5	Creating
3(b)	Explain the different measurements of unemployment and underemployment in developing countries.	4		Remembering
4(a)	Distinguish between demand-pull and cost-push inflation. How are they often intertwined?	4	CLO3, PLO1	Evaluating
4(b)	'Inflation is a purely monetary phenomenon'. Do you support this view of monetary economists?	3		Applying
4(c)	Investigate the effect of inflation on output and distribution of income.	3		Understanding
5(a)	What is meant by trade-off between the rate of inflation and unemployment? Explain the Keynesian explanation of this trade-off.	4	CLO2, PLO1	Analyzing
5(b)	While there is trade-off between inflation and unemployment in the short-run, there is no such trade-off between them in the long run. Explain how Friedman explains with his concepts of short-run and long-run Phillips curves.	6		Evaluating