

	<b>Mid Semester test, 2008 / 2009</b>
Module Title: Developments in Macroeconomics (ECON02H02)	
Module Leader: JP Dunne	Semester <b>One</b>
Equipment allowed (for example calculator - dictionaries)	

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## Instructions to Students

- *You should attempt two questions*
- *The exam paper is two pages long.*

This examination is one hour long.

## **Answer 2 questions**

### **Question 1**

The debate in the 1950s was not about whether governments should get involved in the macro economy, but which instrument should be used. Using the IS-LM model show the argument behind this debate.

### **Question 2**

Explain the implications of combining 'rational expectations with 'market clearing' for aggregate supply and government macroeconomic policy.

### **Question 3**

Critically evaluate the post Keynesian perspective on macroeconomics.

### **Question 4**

"The New Keynesian macroeconomic theory is just the old neoclassical approach with short run market imperfections and so not very useful" Discuss.

### **Question 5**

"The 'new consensus' macroeconomics is not really new, nor a consensus". Discuss

### **Question 6**

"General equilibrium theory provides the means to understand the workings of the macroeconomy" Discuss