

Study Inn Coaching Center

Guess Papers

M.A Economics (Final)

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Macro Economics

Q1: Explain the circular flow of income/expenditures considering the case of a four sector economy. Why must they two always be equal? Also discuss the measurement approaches to **GDP**.

b) Differentiate between Real and Nominal GDP, GNP, NNP, NI, PI, DPI.

Q2: State and explain **Say's Law**. Does it apply to Barter Economy? Why?

Q3: What are the contributions of Irving Fisher and Cambridge School in **QTM**? What are the major differences between them? Explain its at least three different purposes.

Q4: Explain the **Classical Theory** of Employment and its assumptions. What role does AD has in determining output and employment level in Classical Model? Also discuss the role of rate of interest in Classical Model.

Q5: How did **Keynes attack** the Classical doctrine? Explain Keynes' basic four criticisms. What are the alternatives suggested by Keynes? (Hint: E before full-emp $> I=S$, rigidity, two key issue, role of money supply etc)

Q6: Within the **IS-LM** framework, analyze the effects of an increase in government spending financed by an equal increase in taxes and money supply. How would equilibrium be attained in the face of an excess demand for goods (EDG) and Excess demand for money (EDM)?

b) Draw the LM curve and indicate what determines its slope. When and how will it shifts?

Q7: Discuss the circumstances where **Fiscal and Monetary** Policies are totally ineffective in raising GNP. Compare the effectiveness of monetary policy in Classical and Keynesian Models. Money is more important in the Keynesian System, do you agree?

Q8: What are the two main components of any theory of the business cycle? Describe these two components for the **Real Business Cycle** Theory.

Q9: Compare the Absolute Income and Permanent Income Theories of consumption.

Q10: What are the fundamental sources of economic growth? Explain with respect to Harrod-Domer and Neo-Classical growth Models.

Notes

Demand pull, Cost Push Inflation.

Phillips Curve.

Twin Deficit.

Marginal Efficiency of Capital.

Multiplier and Accelerator

Balanced Budget.

Kaldore Business Cycle.

Life-Cycle Hypothesis.

International Trade

Q1: What are the mercantilist views on trade? How were these views different from Adam Smith? Compare the various international **trade basis theories**. Also discuss the complete and incomplete specialization in the light of constant opportunity cost and increasing opportunity cost. Why do both nations gain from trade?

Q2: What do **Offer Curves** (reciprocal DD) show? How are they derived? What is their shape? How do they define the equilibrium relative commodity price at which trade takes place?

Q3: Explain the meaning of **Labor Theory** of Value. Why it is not applicable in **Heckscher – Ohlin Trade** (Factor endowment) theory?

b) Why **Leontief Paradox** contradicts the Heckscher-Ohlin Trade Theory?

Q4: Compare the **Factor-Price Equalization Theorem** (HOS) and **Factor-Intensity Reversal**.

Q5: Compare the partial equilibrium effect of a **tariff and quota** in small country case.

Q6: Differentiate between **custom unions** and free trade area. Also discuss Mead's contribution towards the theory of custom unions, (Hint: Trade creation / Diverting).

Q7: Explain the concept of **balance of payments** and balance of trade. How does the devaluation assist in correcting the balance of payments in the light of Marshall-Lerner Condition.

Q8: Define and explain **Spot** and **Forward** Exchange Rates and discuss the **Forward Discount** and **Forward Premium**. What is its relation to Covered and Uncovered **Interest Parity**?

Q9: Explain the relationship between **foreign trade** and economic growth. Also discuss the importance of international trade.

Notes

Purchasing Power Parity.

Optimum Tariff.

Stolper Theorem.

Interregional Vs International Trade.

Economic Cooperation Organization.

J – Curve.

IMF / World Bank.

SDRs.

Bretton Woods System.

WTO

Monetary Economics

Q1: Define money and its functions? Also discuss the properties of good money and difficulties of Barter System.

Q2: Explain the role of commercial banks in money supply creation. Also discuss the determinants of money supply and money multiplier.

Q3: What are the main functions of Central Bank?

Q4: Explain the Port Folio Adjustment between bonds and the rate of interest.

Remaining questions are based upon Macro and International Economics

Macro Economics:

- Classical view on money supply.
- Quantity Theory of Money (all four versions).
- Keynes: Money demand motives, Two Key Issues, Criticism on QTM and money supply.
- Monetary Policy and its tools in inflation and recession.
- Demand-Pull and Cost-Push Inflation, Phillips Curve.
- IS-LM framework: LM derivation, slope, shifting, effectiveness, in recession and inflation.
- Theories of interest; Classical Vs Keynes.

International Economics:

- Exchange Rates: Managed Floating Exchange Rate Vs Bretton Woods System.
- Balance of Payments Vs Balance of Trade: causes of deficit, internal and external balances, expenditure reducing and switching policies.

Labor Economics

Q1: What is meant by **Labor Commitment**? Discuss its implications in relation to economic development.

Q2: What is meant by **Bargaining Power** in collective bargaining system? Discuss the economic sanction of collective bargaining.

Q3: Discuss the main **characteristics of the labor** force in Pakistan. What are the reasons for the very low participation rate of women in the labor force? What are the measures can you suggest to increase their rate of participation?

Q4: What measures have so far been undertaken by the government of Pakistan from time to time **reduce the rate of unemployment** in Pakistan?

Q5: Briefly explain **Industrial Relation System**. To what extent it can help in creating a better understanding between management and labor unions.

Q6: State and explain the concept of **own wage elasticity** and cross-wage elasticity of demand. Also discuss the minimum wage and maximum wage in Pakistan.

b) Differentiate the **Real Wages** and Nominal Wages.

Q7: What is the importance of labor workers in the theories of **Malthus** and **Carl Marx**?

Q8: Critically examine the **Lewis Model** of unlimited labor supply.

b) Discuss the **Classical Theory of Employment** with its assumptions. What are the short comings of the theory as pointed out by Keynes?

Q9: Explain the causes of weakness of Pakistani Trade Unions and suggest how these weaknesses can be removed, discuss in the light of Industrial Relation Ordinance (**IRO**) 1969.

Notes

Types of Unemployment.

Prohibition of child labor

International Labor Organization (ILO).

Short-run Phillips Curve.

Non-Wage Benefits.

Employees Old Age Benefit Act 1976.

Wage determination w.r.t Payment Act of Wages 1936.

Investment in human capital and productivity.

Essay

Hint: Essay should include both theory and evidence from Pakistan.

- Objectives and instruments of Fiscal and Monetary Policies.
- Unemployment, inflation, exchange rate and the failure of monetary policy.
- Energy crises and its impact on economic growth in Pakistan.
- Rental Power Projects and the growth of export industry of Pakistan.
- Poverty alleviation program and micro credit schemes; success and failure.
- Income inequality and its impact on economic growth in Pakistan.
- Increasing current account deficit and measures to reduce it.
- Water resources and the performance of agriculture in Pakistan.
- Role of Privatization and deregulation in economic development in Pakistan.
- Foreign Aid Vs Foreign Direct Investment.
- Critically examine the Pakistan's federal budget 2010 – 2011.
- IS – L M Framework.
- Any current issue of the economy.

Good Luck