

OLLSCOIL NA hÉIREANN, GAILLIMH
NATIONAL UNIVERSITY OF IRELAND, GALWAY
SUMMER EXAMINATIONS 2000

Advanced Macroeconomics (EC355)

3rd Year Arts & 3rd Year B.Comm.

Professor F. Stephen
Professor M.P. Cuddy
Dr. Joan O'Connell

Time allowed : TWO hours

Answer question 1 (which is compulsory) and two other questions.

Question 1 carries 40% of the total mark. Other questions carry 30% each.

1. Answer briefly any *three* of the following
 - (a) The quantity theory of money
 - (b) The expectations-augmented Phillips curve
 - (c) The real balance effect
 - (d) The non-accelerating inflation rate of unemployment (NAIRU)
 - (e) Equilibrium in a small open economy
 - (f) The golden rule of accumulation
2. Account for different values of the balanced budget multiplier.
3. Distinguish between Keynesian and classical unemployment.
4. Outline Solow's contribution to the theory of economic growth.
5. If expectations are rational, then only policy changes that are unanticipated affect real output and employment. Comment on this sentence.