

OLLSCOIL NA hÉIREANN, GAILLIMH
NATIONAL UNIVERSITY OF IRELAND, GALWAY

Summer, 2000

Intermediate Economics
2nd Evening B.Comm.

Professor J.Round
Professor M.Keane
Ms. Sarah Callanan

Time allowed: Three hours.

Instructions: Question 1 is compulsory. You must answer three other questions, one from Section 1 and two from Section 2.

Question 1 – give a brief explanation/definition of five of the following:

- (i) List five characteristics of isoquants
- (ii) Prisoners dilemma
- (iii) Dead-weight loss
- (iv) Injections v.'s Leakages in a circular flow model
- (v) Demand Management
- (vi) Keynesian v.'s Classical AS curves
- (vii) Efficiency Wages
- (viii) Fischer Effect

Section 1 (answer one)

Question 2

Outline the cost structure of a perfectly competitive firm. Identify the optimal output level the firm should produce, and explain why this level is optimal.

Question 3

Outline the conditions necessary for Pareto efficiency. Which market structure would best satisfy these conditions.

Section 2 (answer two)

Question 4

Using the IS/LM model of the macro-economy outline all the possible end-results of a Government decision to reduce the budget deficit.

Question 5

What is the Golden Rule level of Capital Accumulation? Illustrate your answer and explain how a Government might try to move the economy to this point.

Question 6

(a) What is Quantity Theory of Money explanation for Inflation.

and

(b) Outline an economic model showing a relationship between unemployment and inflation. Discuss the policy consequences of this model

Question 7

"The aim of macroeconomics is to model the macro-economy and, using this model, to suggest policy solutions to economic problems. However, this aim has not been successfully accomplished to date". Discuss.