

OLLSCOIL NA hÉIREANN, GAILLIMH
NATIONAL UNIVERSITY OF IRELAND, GALWAY

SUMMER EXAMINATIONS 1999

ECONOMIC THEORY II (EC.304)
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. Comment briefly on *any three* of the following
 - (a) The neoclassical synthesis
 - (b) The classical dichotomy
 - (c) Involuntary unemployment
 - (d) Equilibrium
 - (e) General equilibrium in a small open economy with a fixed exchange rate and sterilisation of foreign reserve movements.
2. A rising rate of inflation may reduce unemployment. A high one will not. Comment on these remarks.
3. Distinguish between conditions which yield a multiplier of government purchases of (a) unity and (b) more than unity.
4. The Newclassical Macroeconomics combines rational expectations and the natural rate hypothesis. Explain the meaning of this assertion.
5. Outline Solow's contribution to the theory of economic growth.