University of Kelaniya – Sri Lanka

Centre for Distance and Continuing Education

Bachelor of Arts (General) Degree Third Examination (External) – 2019

December 2023

Faculty of Social Sciences

Economics (New/ Old Syllabus)

Macroeconomics – ECON - E 3015

Answer any five (05) questions

No. of questions : 09   Time : 03 Hours

---

01.   What do you understand by the term 'National income equilibrium' Describe the factors related to 'National income cycle.' with the aid of a diagram.   (20 Marks)

02.   Compare and contrast the Keynesian and the Classical theories of employment as to the causes of unemployment in an economy.   (20 Marks)

03.   a)   How do you differentiate the Monetarists view from the Keynesians view in terms of demand for money?   (10 Marks)

       b)   Examine the applicability of the 'Keynesian consumption model' in studying the consumption and saving in an economy.   (10 Marks)

04.   'Due to the failure of Classical theory great depression was occurred' Critically examine this statement.   (20 Marks)

05.   'Sri Lankan economy is experiencing a historically higher inflation rate since last year' Explain your views on this and give policy options to reduce inflation rate.   (20 Marks)

06.   a)   Explain the difference between 'Ricardian model' and 'Heckscher-Ohlin model' in international trade.   (12 Marks)

       b)   What do you mean by 'comparative advantages' and 'competitive advantages' of international trade?   (08 Marks)

07.   a)   'The IS-LM analysis is a useful technique in analyzing the issues of inflation and unemployment in an economy.' Explain.   (10 Marks)

       b)   Examine the effectiveness of fiscal and monetary policies in achieving the macroeconomic equilibrium in an economy.   (10 Marks)

08. a) Discuss the Inter dependency between the budget deficit and government debt.

(08 Marks)

b) Explain with practical examples how to use macro-economic policies to achieve economic development of an economy. (12 Marks)

09. Write notes on any Four (04) of the followings.

a) Philips curve
b) External balance
c) Aggregate demand
d) Galloping inflation
e) Balance budget multiplier
f) Capital accumulation

(05 Marks per each)

****