

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD**  
**(Department of Economics)**

**WARNING**

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

**Course: Advanced Macroeconomics (806)**

**Level: MSc Economics**

**Semester: Spring, 2013**

**Credit Hours: 3**

**Total Marks: 100**

**ASSIGNMENT No. 1**

**(Units 1–5)**

- Q.1 Discuss with the help of IS-LM model, why money has no effect on output in classical supply case? **(20)**
- Q.2 What is crowding out and when would you expect it to occur? In case of substantial crowding out, which will be more successful- fiscal or monetary policy? **(20)**
- Q.3 Derive the positively sloped aggregate supply curve with alternative method, also give its properties. **(20)**
- Q.4 Distinguish between voluntary and involuntary unemployment. Do you consider the former a social problem requiring public policy? **(20)**
- Q.5 Discuss Simon Kuznets views regarding short-run and long-run consumption function. **(20)**

**ASSIGNMENT No. 2**

**(Units 6–9)**

**Total Marks: 100**

- Q.1 What is the relationship between the accelerator model of inventory investment and flexible accelerator model of capital accumulation? **(20)**
- Q.2 Describe the Tobin's portfolio approach to demand for money in detail. **(20)**
- Q.3 Explain how the ability of inflation expectations to shift the Phillips curve helps the economy to adjust automatically, to aggregate supply and demand shocks? **(20)**
- Q.4 Critically analyze Harrod-Domar model and their relevance for developing countries. **(20)**
- Q.5 What factors determine the growth rate of steady- state per capita output? Are there other factors that could affect the growth rate of output in the short run? **(20)**