

**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 (2701)**

**Semester: Spring, 2014**

**Level: M.Phil. Economics**

**Total Marks: 100**

**Pass Marks: 50**

**ASSIGNMENT No. 1**

**(Units 1–5)**

- Q.1 Solve and interpret the baseline real business cycle model. (20)
- Q.2 Discuss in detail the Mundell-Fleming model in case of static and rational exchange rate expectations. (20)
- Q.3 Discuss algebraically as well as diagrammatically, Keynesian theory of labour market. (20)
- Q.4 Analyse the famous random walk consumption hypotheses. (20)
- Q.5 Explain the concept of financial market imperfections. Also discuss its impact on investment decision. (20)

**ASSIGNMENT No. 2**

**(Units 6–9)**

**Total Marks: 100**

**Pass Marks: 50**

- Q.1 Discuss in detail the generic efficiency wage model. (20)
- Q.2 Analyse the relationship between inflation, money growth and interest rate. (20)
- Q.3 Explain the impact of change in saving rate on key macroeconomic variables in case of Solow growth model. (20)
- Q.4 Explain mathematically the dynamics of the Solow growth model. (20)
- Q.5 Discuss in detail the impact of endogeneity of saving rate in the models of knowledge accumulation. (20)