Monetary Economics

MONETARY ECONOMICS (PART - III)

M.A (FINAL) EXTERNAL ANNUAL EXAMINATION – 1997

University of Karachi

Time allowed: 3 Hours ***Maximum Marks: 100***

Instructions: 1) Attempt any five questions.

2) All questions carry equal marks.

1. What are the causes of inflation? Discuss various Fiscal and Monetary measures to combat inflation.
2. What you mean by the Deficit in Balance of Payments? How does this deficit influence the Money supply?
3. What is Chicago Quantity Theory of Money? Explain its main features.
4. Explain "Open Market Operation". How far these operations are effective in regulating the supply of Money?
5. a) Can the commercial banks create credit in the economy'? Explain.

   b) What are the limitations on their powers to create credits? Discuss.
6. a) Interest a "Real" or "Monetary" phenomenon? Explain.

b) Give a brief analysis of Classical theory of Interest, Loan-able fund theory and Keynesian Liquidity preference theory of interest.

7. What is a Phillips Curve? How do expectations of inflation affect the Phillips Curve?
8. Selective credit control policy, as a tool of monetary management in Pakistan is now under attack from various quarters. Discuss. This policy instrument is restricting the growth of banking activities in the country. Do you agree with this view?
9. Write short notes on any two of the following:

   i) Purchasing Power Party Theory

   ii) International Monetary Fund

   iii) International Bank of reconstruction and development

   iv) Fixed and Floating exchanging rates.

1998

1. What is money and what are its functions in the modern world?

How money is related to the economic variables? Explain.

2. Critically examine the key findings of Fisherian and Cambridge Version of Quantity Theory of Money.

3. Explain the Keynesian money demand function. Why the velocity of circulation of money is not suitable in the Keynesian framework?

4. "Monetary policy is much risingly effective in curbing a boom than in helping to bring the economy out of depression". Critically evaluate the role of monetary policy as a stabilization tool in the light of the above quotation.

5. The International Monetary System of today has been called a "Managed Floating Currency Standard". Briefly explain what this term means and how does it operate?

6. "In every society there is some fraction of income which people find it worth to hold in the form of money balances relate this statement to the Cambridge cash balance equation and the Keynesian theory of Liquidity Preference.

7. Discuss the relationship between inflation-and unemployment. How the monetary policy can help to solve the problem of unemployment in the long run?

8. Explain the Function of a Central Bank.

9. Write short notes on any two of the following:

    a) Principles of Money Multiplier

    b) Liquidity Preference Theory

    c) Objectives of Selective Credit Control

    d) Purchasing Power Parity Theory

1999

1. What is meant by Liquidity Trap? What implications does it have for the Monetary Policy? Discuss.
2. How does the Central Bank Control the Credits? Which instruments of credit control are more effectively applied in the overall economics like Pakistan and why?
3. Distinguish between Demand Pull and Cost Push inflation, which of those two factors is more annexable in the Monetary Policy? Discuss.
4. What are the causes of inflation? Discuss various Fiscal and Monetary measures to combat inflation.
5. a) What is the difference between the Balance of Trade and Balance of Payments.

   b) State and explain the causes of Deficit in balance of payment in the export trade of Pakistan and how is it to be controlled?
6. What is Chicago's quantity theory of money? Explain its main features.
7. What is open market operation? Explain how far those operations are more effective in regulating the supply of money?
8. What is Philips Curve? How does it do the expectations of inflation affect the Philips Curve? Discuss.
9. What are the problems, which Bretton Woods System encountered, in the early 1970? How has the new International Monetary System resolved each of those problems? Explain.
10. Write short notes on any Two of the following:

    i) Tools of Monetary Policy

    ii) IMF

    iii) Quantity Theory of Money

    iv) International Bank for Reconstruction and Development (IBRD).

2000

1. What is money? Explain its functions in the modem world? How money is related to Economic variables? Explain.
2. Critically examine the Key Findings of Fisherian and Cambridge version of quantity theory of Money.
3. The International Monetary System of today has been called a managed floating currency standard. Briefly explain with the term means and how does it operate?
4. State and explain the function the Central bank. How does its control the money operations of the commercial banks with the help of open market operation?
5. Discuss the difficulties of Barter System. How those difficulties have been resolved in the Monetary System? Explain with examples.
6. What are the Long-run and Short-run goals of Monetary Policy? Can these goals be achieved simultaneously at the same time?
7. Define Monetary Policy and explain its objectives for developing economy for a country likePakistan?
8. a) Can the commercial banks create credit in the economy?

   b) What are the limitations on their power to create credits?
9. Write notes on any two of the following:

   a) Purchasing Power Parity Theory

   b) Fixed and Floating Exchange rates

   c) Principles of Money Multiplier

   d) Liquidity Preference Theory.

2001

1. Discuss these difficulties of Barter System. How these difficulties have been removed in the monetary system? Explain with examples.
2. What is Money? And what are its functions in the modern world? How money is related to the economic variables? Explain.
3. Define monetary policy and explain its objectives for developing economy like Pakistan.
4. Explain the functions of Central Bank.
5. Critically examine the key findings of Fisherian and Cambridge version of quantity theory of money.
6. What are the causes of Inflation? Discuss various fiscal and monetary measures to combat inflation.
7. How does the Central Bank control the credit? Which instruments of credit control are more effectively applied in the over all economy like Pakistan? And why?
8. a) What is the difference between the Balance of Trade and Balance of Payment?

b) State and explain the economics of deficit and balance of payment in the export trade of Pakistanand how is it to be controlled?

9. a) Can the commercial banks create credit in the economy?

b) What are the limitations on their powers to create credits? Discuss.

10. Write short notes on any Two of the following:

    a) International Monetary Fund (IMF)

    b) Fixed and Floating Exchanging Rates

    c) International Bank for Reconstruction and Development (IBRD).