NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2021_1 EXAMINATION

COURSE TITLE: MACROECONOMICS THEORY I
COURSE CODE: ECO 341
UNITS: 3
TIME ALLOWED: 3 HOURS

INSTRUCTION: ANSWER ANY FOUR (4) QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS

QUESTION 1
List and briefly explain the limitations of Macroeconomics   **17.5 Marks**

QUESTION 2
2a.   Write short note on:
  i.   The consumption Function   **4 Marks**
  ii. The Saving Function   **4 Marks**
2b.   Given $C = a + bYd$, derive the saving function   **9.5 Marks**

QUESTION 3
3.   What is Autonomous investment?   **5.5 Marks**
3b.   Write short note on:
  i.   Average propensity to invest   **6 Marks**
  ii. Marginal propensity to invest   **6 Marks**

QUESTION 4
Given the equations below, determine the equilibrium national income
        $Y = C + I + G$
        $C = a + bYd$
        $Yd = Y - T$
        $I = Io$
        $G = Go$ **17.5 Marks**

QUESTION 5
5.   What is barter system?   **3.5 Marks**
5b.   List and briefly explain the problems associated with barter system   **14 Marks**

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