



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2020_2 EXAMINATION**

COURSE TITLE: TAXATION AND FISCAL POLICY

COURSE CODE: ECO 440

UNITS: 2

TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER ANY THREE QUESTIONS

1a. Why is it that in a private enterprise economy, a considerable part of the economy is subject to some form of government direction, rather than left to the "invisible hand" of market forces? **15 Marks**

1b. Explain the technique of determining the supply of public goods and the cost of public goods. **8.3 Marks**

2a. Stabilization policy is important in a market economy. Advance reasons for the need of such policy. **11.3 Marks**

2b. Vividly discuss the different instruments of stabilization policy and how they function in the economy. **12 Marks**

3. With the use of appropriate diagram, describe how public sector and private sector interact in both factor and product markets in the overall economy progress. **23.3 Marks**

4a. Discuss the main sources of financing government activities. **15 Marks**

4b. List and discuss the main determinants of taxable capacity. **8.3 Marks**

5. Discuss the main issues surrounding public debt and its management. **15 Marks**

5b. Discuss various means of debt redemption. **8.3 Marks**