



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**FACULTY OF SOCIAL SCIENCES**  
**DEPARTMENT OF ECONOMICS**  
**SEPTEMBER, 2020 1**

**COURSE TITLE: TAXATION AND FISCAL POLICY**

**COURSE CODE: ECO 440**

**UNITS: 2**

**TIME ALLOWED: 2HOURS**

**INSTRUCTION: ANSWER ANY THREE (3) QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS**

**QUESTION ONE**

Explain the rationale behind public intervention in economic activity.

**(23 Marks)**

**QUESTION TWO**

Evaluate the concept of public revenue and what are the sources of financing government activities.

**(23 Marks)**

**QUESTION THREE**

Highlight the two main reasons of studying public expenditure and explain the causes of increase in public expenditure.

**(23 Marks)**

**QUESTION FOUR**

a) Use a graphical illustration to explain the classification of public expenditure.

**(10 Marks)**

b) Give a brief explanatory note on each of the following.

i. Adolph Wagner's hypothesis

ii. Peacock - Wiseman hypothesis and

iii. Colin Clark's Critical Limit Hypothesis

**(13 Marks)**

**QUESTION FIVE**

a) Explain the concept of public debt and highlight the reason for government borrowing.

**(13 Marks)**

b) What are the factors that influence lending to the government by financial organizations?

**(10 Marks)**