



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2021_2 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

1a. Write short note on:

i. Macro dynamics

4 Marks

ii. Macro statics

4 Marks

iii. Comparative statics

4 Marks

1b. Itemize limitations of comparative statics

5.5 Marks

QUESTION 2

2a. Given a simple mode, $Y = C + I$, show that $S = I$

4.5 Marks

2b. Given a saving function $S = -\alpha + bY_d$; derive the consumption function

6.5 Marks

2c. Given the following saving function $S = -25 + 0.4Y_d$, derive the consumption function.

6.5 Marks

QUESTION 3

3a. What is planned investment?

2.5 Marks

3b. List and briefly explain the determinants of investment expenditure. **15 Marks**

QUESTION 4

4a. Given $I_0 = \text{N}800$ million, $C = 300 + 75Y$, Find the equilibrium income (Y^*).

12 Marks

4b. Calculate the consumption

5.5 Marks

QUESTION 5

5a. What factors determine supply of money?

7.5 Marks

5b. Briefly explain the reasons why people desire to hold money

10 Marks