



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**FACULTY OF AGRICULTURAL SCIENCES**  
**DEPARTMENT OF AGRICULTURAL ECONOMICS AND EXTENSION**  
**FIRST SEMESTER EXAMINATION: 2019**

**PROGRAMME: AGRICULTURAL EXTENSION AND MANAGEMENT**

**COURSE CODE: AEM724**

**COURSE TITLE: MACROECONOMICS**

**CREDIT UNIT: 2**

**TOTAL SCORE: 70 MARKS**

**TIME ALLOWED: 2 HOURS**

**INSTRUCTION: ANSWER QUESTIONS ONE (1) AND ANY OTHER THREE (3) QUESTIONS**

- 1a. Outline the relationship between macroeconomics and microeconomics (10 marks)
- b. Enumerate the common measures of inflation (11marks)
- c. Explain Hedonic Adjustments to Measuring Inflation (4marks)
- 2a. Profit maximization is the basic objective of any firm. Explain how this policy can bring about inflation in an economy (10marks)
- b. Explain vividly how rise in money wages can cause inflation (5marks)
3. Discuss the theory of full employment as postulated by;
  - a. The classical economists (5marks)
  - b. The Keynesian economist (5marks)
  - c. Lord Beveridge (2marks)
  - d. The American Economic Association Committee (3marks)
- 4a. What are the problems of fiscal deficit? (8marks)
- b. What do you understand by economic growth? (5marks)
- c. Outline the different methods of measuring gross domestic product (GDP) (2marks).
- 5a. Explain Okun's law (5marks)
- b. The neo-classical growth model developed by Robert Solow and Paul Samuelson (10marks)
6. Write short notes on;
  - a. Personal Income (Y) (6marks)
  - b. Disposable Income (Yd) (5marks)
  - c. Transfer Payments (4marks)