



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2017_2 EXAMINATION JANUARY/FEBRUARY 2018**

COURSE TITLE: MACRO-ECONOMIC THEORY I

COURSE CODE: ECO 341

UNITS: 3

TIME ALLOWED: 3 HOURS

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

- 1a. Give a detailed description of the term ‘Macroeconomics’ **3 marks**
- b. Differentiate between microeconomics and macroeconomics concepts **4.5 marks**
- c. List and explain five (5) limitations of macroeconomics **10 marks**
- 2a. Vividly explain the following:
- i. Verbal Statement **2.5 marks**
 - ii. Graphs **2.5 marks**
 - iii. Variables **2.5 marks**
- b. What are the five conspicuous changes that arise in the absence of statics according to Clark (1998). **5 marks**
- c. Differentiate between macro-statics and economic statics **5 marks**
- 3a. Define economic dynamics, with emphasis on how the economy changes **3 marks**
- b. Explain the following terms clearly
- i. Consumption function **1.5 marks**
 - ii. Saving function **1.5 marks**

- iii. Disposable income **1.5 marks**
- c. Identify any four (4) determinants of consumption expenditure **10 marks**
- 4a. Elucidate the following theories:
- i. Absolute income hypothesis **4 marks**
 - ii. Relative income hypothesis **4 marks**
 - iii. Permanent income hypothesis **4 marks**
 - iv. Life cycle income hypothesis **4 marks**
- b. What is the meaning of investment? **1.5 marks**
- 5a. Differentiate between marginal efficiency of capital and marginal efficiency of investment **7.5 marks**
- b. Define the following concepts
- i. Gross National Product **2.5 marks**
 - ii. Gross Domestic Product **2.5 marks**
 - iii. Net National Product **2.5 marks**
 - iv. Personal Income **2.5 marks**
- 6a. Define inflationary gap **2.5 marks**
- b. Define deflationary gap **2.5 marks**
- c. Define Money **2.5 marks**
- d. Explain any five (5) problems associated with barter system **10 marks**