



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

2019_1 EXAMINATION

COURSE TITLE: PUBLIC SECTOR ECONOMICS
COURSE CODE: ECO 447
UNITS: 2
TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER QUESTION 1 AND ANY OTHER TWO QUESTIONS.

- 1a. Define the term ‘public finance’. **(6 marks)**
1b. List the importance of government budget in an economy. **(9 marks)**
1c. Discuss five importance of public finance in an economy. **(15 marks)**
- 2a. Explain the theory of cost benefit analysis. **(6 marks)**
2b. List the steps involved in cost benefit analysis. **(4 marks)**
2c. Graphically illustrate the optimum level of environmental quality. **(10 marks)**
- 3a. Differentiate between public goods and private goods. **(8 marks)**
3b. Briefly explain the free-rider problem. **(3 marks)**
3c. Suggest three possible solutions to the free-rider problem. **(9 marks)**
- 4a. Discuss the three main tax systems. **(6 marks)**
4b. Enumerate the conditions that a good budget proposal must satisfy. **(14 marks)**
- 5a. List and explain the important methods of public debt redemption. **(15 marks)**
5b. Explain the kind of burden national debt imposes on the future generations of a nation. **(5 marks)**