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NATIONAL OPEN UNIVERSITY OF NIGERIA FACULTY OF SOCIAL SCIENCES DEPARTMENT OF ECONOMICS 2017_2 Examination, January/February 2018

COURSE TITLE: MACROECONOMICS THEORY COURSE CODE: ECO 718 UNITS: 2 TIME ALLOWED: 2 HOURS INSTRUCTION: ANSWER QUESTIONS 1 AND ANY OTHER TWO QUESTIONS

1. (a) Define macroeconomic studies. 7 marks

(b) What are the limitations of macroeconomics? 16 marks

2. Examine in detail the determinants of aggregate demand and consumption. 23marks

3. Explain in detail the following hypothesis:

- a. The life cycle hypothesis 7 marks
- b. The permanent income hypothesis 7 marks
- c. The relative income hypothesis 8 marks
- 4. Differentiate between the Classical and Keynesian national income models.

23 marks

- 5. (a) What factors determine the supply of money in an economy? 11 marks
 - (b) Examine the factors that determine the demand for money. 12 marks