



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**FACULTY OF SOCIAL SCIENCES**  
**DEPARTMENT OF ECONOMICS**  
**2022\_2 Examination**

**COURSE TITLE: MACROECONOMIC THEORY II**  
**COURSE CODE: ECO 442**  
**UNITS: 2**  
**TIME ALLOWED: 2HOURS**

**INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE**

- (a). The monetarists assert that: “there is always a temporary trade-off between inflation and unemployment; there is no permanent trade-off.” Discuss. (10marks)  
(b). The table below shows the national income of a country in 2017.

Use the data to answer the questions that follow:

ITEMS	\$ MILLIONS
Personal consumption expenditure	640.00
Gross Private Domestic Investment	180.00
Government expenditure	220.00
Exports of goods and services	175.00
Imports of goods and services	202.00
Subsidies	48.00
Indirect business taxes	322.00
Consumption of fixed capital	115.00
Net property income from abroad	80.00

Calculate the:

- (i). Gross Domestic Product (GDP) (4marks)  
(ii). Gross National Product (GNP) (4marks)  
(iii). Net National Product (NNP) (4marks)  
(iv). Determine the National Income at factor cost from the Net National Product (NNP). (4marks)  
(v). Give two reasons for your answer? (4marks)  
**(30marks)**

### QUESTION TWO

- (a). What precautions should be taken while estimating national income by Product method? (5marks)
  - (b). Briefly make a distinction between Economic Growth and Economic Development (9marks)
  - (c). Discuss the determinants of economic growth. (6marks)
- (20marks)**

### QUESTION THREE

- (a). Explain in details the concept of economic growth and income inequality as regard to Nigeria and the U.S. (8marks)
  - (b). Briefly discuss the Marxian theory of growth. (6marks).
  - (c). Discuss the Classical Theory of Economic Growth and Development. (6marks)
- (20marks)**

### QUESTION FOUR

- (a) Discuss the Harrod-Domar Growth Model. (10marks)
  - (b). Briefly discuss the neoclassical growth theory. (10marks).
- (20marks)**

### QUESTION FIVE

- (a).Elaborate the importance of circular flow of income and expenditure to Nigerian economy.(8marks)
  - (b). Explain the concepts of consumption and savings. (6marks)
  - (c). Differentiate between Absolute Income Hypothesis and Relative Income Hypothesis. (6marks)
- (20marks)**