



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

COURSE TITLE: PUBLIC SECTOR ECONOMICS

COURSE CODE: ECO 447

UNITS: 2

TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER ANY THREE QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS. AWARD ONE MARK FOR CLARITY

1a. Explain the assertion “Public borrowing and consequent increase in public debt at the time of depression raises aggregate demand, income and full employment. **13 Marks**

1b. The importance of public revenue in an economy cannot be underestimated. Discuss. **10 Marks**

2a. A free-rider problem occurs when those who benefit from resources, goods, or services do not pay for them. Discuss. **11 Marks**

2b. Suggest some solutions to free rider problem. **12 marks**

3a. With the use of a diagram, discuss the statement “The allocation of resources are influence by two decisions – what to produce and how to produce”. **7 Marks**

3b. Advance argument in favour and against resources in a free market economy. **16 Marks**

4a. Critically evaluate the concept ‘public budget’ within the Nigerian context. **15 Marks**

4b. Vividly discuss the reasons why account of a budget may be split up. **8 Marks**