



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
FACULTY OF SOCIAL SCIENCES  
DEPARTMENT OF ECONOMICS  
2023\_1 POP EXAMINATION.**

**COURSE TITLE: TAXATION AND FISCAL POLICY  
COURSE CODE: ECO440  
UNITS: 2  
TIME ALLOWED: 3 HOURS**

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

**QUESTION ONE**

- (a). Briefly explain the term 'taxation'. **(10marks)**
- (b). Discuss the differences between taxation and fiscal Policy. **(15marks)**  
**(25marks)**

**QUESTION TWO**

- (a). How does taxation affect fiscal policy? **(5marks)**
- (b). What are the effects of fiscal policy? **(10marks)**  
**(15marks)**

**QUESTION THREE**

- (a). Explain the two main channels of fiscal policy through which the government can use to boost economic activity. **(10marks)**
- (b). What are the main causes of externality and market failure and how can these be corrected? **(5marks)**  
**(15marks)**

**QUESTION FOUR**

- (a). Does fiscal policy increase taxes? Discuss. **(10marks)**
- (b). Discuss the term 'stabilization policy'. **(5marks)**  
**(15marks)**

**QUESTION FIVE**

- (a). Briefly discuss the importance of taxation in an economy. **(10marks)**
- (b). Discuss in details the term 'fiscal imbalance' **(5marks)**