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

COURSE TITLE: ADVANCED MACROECONOMIC THEORY II
COURSE CODE: ECO 442
UNITS: 2
TIME ALLOWED: 2 HOURS
INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

QUESTION ONE
Given that $Y = C + I + G + (X – M)$
Where
$C = N20m + 0.6Y$
$I = N50m$
$G = N10m$
$X = N15m$
$M = N10m + 0.2Y$

a) What is the equilibrium national income **(8marks)**
b) Calculate the income multiplier **(3marks)**
c) Assuming that consumption (C), investment (I) and government expenditure (G) increased by N50m, N60m and N20m respectively, calculate the new equilibrium level of national income. **(9marks)**
d) What factors can determine the size of national income? **(10marks)**
(30 marks)

QUESTION TWO
a) Discuss the two versions of the accelerator theory of investment **(12marks)**
b) What are the shortcomings of the accelerator theory? **(8marks)**
 (20marks)

QUESTION THREE
a) Economic growth refers to the quantitative and sustained increase in the country's per capita output or income accompanied by expansion in labour force, consumption, capital and volume of trade. What are the determinate of Economic Growth? **(10marks)**
b) Briefly discuss how economic growth can be measure. **(10marks)**
(20marks)

QUESTION FOUR
Unemployment is the stock of all those individuals who are not engaged in any productive activity and who are either unable to find work at the prevailing real wage rate.
a) What are the major causes of unemployment in Nigeria? **(10 marks)**
b) Suggest and explain ways that unemployment can be eradicate in Nigeria. **(10 marks)**
 (20marks)