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

COURSE TITLE: ECONOMIC THEORY
COURSE CODE: ECO 802
UNITS: 3
TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

QUESTION ONE

(a). Explain the term Macroeconomics. **(10marks)**
(b). The basic analytical model in any economic analysis consists of five basic steps. Briefly discuss the five steps. **(10marks)**
(c). The different types of macroeconomic models serve different purposes and have different advantages and disadvantages. Briefly discuss the different classifications of macroeconomic models. **(10marks)**
(30marks)

QUESTION TWO
(a). Economic data are basically classified into two types. Briefly discuss the two types of economic data. **(10marks)**
(b). Differentiate between factor markets and Product markets. **(10marks)**
(20marks)

QUESTION THREE

(a). Every rational individual operates in at least three roles that are of interest to economists. Briefly discuss the three roles. **(10marks)**
(b). The major types of demand encountered in business decisions. **(10marks)**

QUESTION FOUR
Assume that an individual's utility function is given by: $U = X_1X_2$; that $P_1 = 2$ naira, $P_2 = 5$ naira; and, that the individual consumer's income for the period of analysis is N10,000. What are the units of goods X_1 and X_2 that the consumer must purchase and consume in order that he/she maximizes his/her utility? **(20marks)**

QUESTION FIVE
(a). Discuss the term Consumers' Expectations. **(10marks)**
(b). Discuss in details the term demonstration effect. **(10marks)**