



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
FACULTY OF SOCIAL SCIENCES  
DEPARTMENT OF ECONOMICS  
2023 2 EXAMINATIONS\_**

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**COURSE TITLE: PUBLIC SECTOR ECONOMICS  
COURSE CODE: ECO 447  
UNIT: 2 UNITS  
TIME ALLOWED: 2 HOURS**

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

1. (i) Define public debt (10 marks)  
(ii) Explain how public debt has been used to solve under listed challenges in Nigeria:
  - Budget deficit
  - Economic development
  - Insecurity
  - Capital project execution (20 marks)
2. Discuss free market economy in line with Nigeria's business environment (20 marks)
3. Briefly explain the following in association with advantages of free market economy:
  - Consumer sovereignty
  - Absence of bureaucracy
  - Optimal allocation of resources
  - Motivational influence of free market (20 marks)
4. Explain the under listed terms in line with drawbacks of free market economy:
  - Poor quality
  - Merit goods
  - Firm power
  - Unemployment (20 marks)

Moremi and Olufunmilayo Ransome Kuti (b) N100,000 to my trustees to hold on trust to provide scholarships for the relatives and dependants of workers in the pottery industry resident in Ewekoro pottery village. Preference to be given to those who are themselves employed in any trade in . Advise her

### **QUESTION 3**

In order for a settlor to create a valid inter vivos trust of property he owns absolutely, it is necessary both to constitute the trust perfectly and to meet certain statutory requirements. Discuss.

### **QUESTION 4**

'A trustee may be liable to pay compensation for his own breach of trust and in some cases for those committed by others.'

**Analyse the concept of 'a breach of trust' and assess whether the above is an accurate statement of the law relating to liability for breach of trust.**

### **QUESTION 5**

In what circumstances may a trustee successfully plead a defence to an established breach of trust?

### **QUESTION 6**

Anita has recently taken over as Chair of the Trust which provides pensions for employees and former employees of the Elegele Steel and Rolling Company. She asks you for advice on the following points: The accountant to the trust, Horace, has absconded taking with him N10,000,000 in bribes paid to him by investment companies in return for Horace agreeing to recommend to the trust that it invests with them. Anita asks you if the sum of N10,000,000 representing these bribes can be recovered from Horace who is now insolvent.