



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2023 2 EXAMINATIONS_

COURSE TITLE: ADVANCED MACROECONOMIC THEORY

COURSE CODE: ECO 712

UNITS: 3

TIME ALLOWED: 3 HOURS

INSTRUCTION: ANSWER QUESTION ONE (1). AND ANY OTHER THREE (3) QUESTIONS. YOU ARE ADVISED TO EXPLAIN EXPLICITLY AND USE DIAGRAM, GRAPHICAL ILLUSTRATIONS OR EXAMPLES WHERE NEEDED

INSTRUCTIONS

QUESTION 1

- List and explain 4 determinant of consumption and savings. (5 marks)
- Given a saving function $S = -\alpha + sY_d$;
 - Derive consumption function. (5 marks)
 - Differentiate between a, b, and bY. (3 marks)
- Trace the Evolution of Modern Money. (7 Marks)
- Distinguish between GDP and GNP (5marks)

QUESTION 2

- Establish the point of divergent between Macroeconomics and Microeconomics. (3 Marks)
- What are the important of studying Macroeconomics? (6 Marks)
- List and explain the various determinants of savings (6 Marks)

QUESTION 3

- Assuming the Nigerian economy has this consumption function $C = a + 0.7Y_d$, where her autonomous consumption is ₦200m, private investment in the economy amounted to ₦60m, the government is not running a balanced budget and government expenditure was ₦50m. Tax rate in the economy was at 50%. Calculate the NI of Nigeria for that given year. (10 Marks)
- Explain 5 factors that influences the supply of money (5 marks)

QUESTION 4

- Differentiate between the Classical approach and the Cambridge approach of demand for money (5 marks)
- Explain the functions of the CBN in the economy (5 marks)
- Differentiate between the two sectors and three sectors economic models. (5 Marks)

QUESTION 5

- Given the classical two sector model $Y = C + I$; where $C = 1250 + 0.75Y$ and $I = 800$ (7 marks)
- What is the value of multiplier above? (3Marks)
 - What is the equilibrium level of income? (5Marks)