



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2024 1 EXAMINATION

COURSE TITLE: MACROECONOMIC THEORY I
COURSE CODE: ECO341
CREDIT UNITS: 3 UNITS
TIME ALLOWED: 3 HOURS
INSTRUCTION: ANSWER ANY FOUR (4) QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS

Question 1

Given that $Y = C + I + G$

$$C = a + bY_d$$

$$Y_d = Y - T$$

$$T = T_o + tY$$

$$I = I_o + rY$$

$$G = G_o + gY$$

Show the national income equilibrium

17.5marks

Question 2

2a. Given that $S = -15 + 0.55Y$ derive the consumption function

5marks

2b. List and discuss five features of money

10 marks

2c. Define national income

2.5marks

Question 3

With the aid of diagrams, discuss the following:

a) Full employment

5.5marks

b) Inflationary gap

5.5marks

c) Deflationary gap

6.5marks

Question 4

4a. Discuss the Keynesian reasons for the demand for money

9marks

4b. Discuss the life income hypothesis

8.5 marks

Question 5

Discuss five (5) policy objectives as it concerns macroeconomics

17.5 marks