



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

COURSE TITLE: MACROECONOMIC THEORY II
COURSE CODE: ECO342
CREDIT UNITS: 3 UNITS
TIME ALLOWED: 3 HOURS
INSTRUCTION: ANSWER ANY FOUR (4) QUESTIONS. ALL QUESTIONS CARRY
EQUAL MARKS

Question 1

Given the following National Income identities: $Y = C + I + G + (X - M)$ where; $C = 30 + 0.65Y_d$; $I = I_0 = 450m$; $G = G_0 = 200m$; $X = X_0 = 175m$ and $M = 60 + 0.55Y$; $T = 60 + 0.4Y$. Determine;
(i). Equilibrium National Income. (ii). Income Multiplier (iii). Tax multiplier 17.5marks

Question 2

- 2a. Demonstrate how monetary and fiscal measures are being used to combat deflation 10marks
- 2b. What are the rationales behind the imposition of restrictions on international trade? 7.5marks

Question 3

- 3a. List and discuss any four causes of unemployment. 8.5marks
- 3b. Discuss the three Keynesian reasons for holding money 9marks

Question 4

Do a comparative analysis on the theories of absolute advantage and comparative advantage 17.5marks

Question 5

List and discuss three (3) traditional and three (3) developmental functions of Central Bank 17.5marks