



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

**COURSE TITLE:** MONETARY THEORY AND POLICY  
**COURSE CODE:** ECO 343  
**CREDIT UNITS:** 3 UNITS  
**TIME ALLOWED:** 3 HOURS  
**INSTRUCTION:** ANSWER QUESTION ONE AND ANY OTHER THREE (3) QUESTIONS

**QUESTION ONE**

1a. Explain why the degree of impact of monetary policy on the economy is difficult to measure and analyze.

(10 marks)

1b. What are the difficulties of using credit availability and interest rates as target variables of monetary policy (6 marks)

1c. List the constraints inhibiting the effectiveness of monetary policy in Nigeria (7 marks)

1d. List the two reasons why the monetarist prefer monetary target (2 marks)

**QUESTION TWO**

2. List and explain the types of lags (15 marks)

**QUESTION THREE**

3. Discuss the criticisms faced by the cash balance approach to the quantity theory of money (15 marks)

**QUESTION FOUR**

4. List and explain the criticisms against the Friedman's reformulation of the quantity theory of money (15 marks)

**QUESTION FIVE**

5a. List and explain the three key determinants of money supply (9 marks)

5b. Briefly discuss Keynes liquidity Preference (6 marks)