NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2024_2 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;

$C = 1250 + 0.65Y_d$; Yd =Y – T, T = 1005, I = 500 + 0.35Y, G = 1400, X = 1030, M = 1450

Determine;

(a). Equilibrium National Income. 4.5marks

(b) Income Multiplier 2marks

(c) What effect will a 30% cut in government expenditure have an equilibrium national income. 3marks

(d). Suppose the tax rate is expressed as a function income i.e. T = 20 + 0.1Y, what will be the level of the new national income. 5marks

(e). Calculate the new investment multiplier. 3marks

Question 2

Discuss in detail the following types of unemployment

i. Structural unemployment ii. Frictional unemployment iii. technological unemployment iv. Disguised unemployment. 17.5 marks

Question 3

3a. Keynes proposed three motives for the demand for money in an economy. Discuss these motives 9 marks

3b. Discuss any two methods of calculating national income 8.5 marks

Question 4

Discuss any five (5) causes of change in the exchange rate 17.5 marks

Question 5

What is unemployment? List and discuss three types of unemployment 17.5 marks