



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF AGRICULTURAL SCIENCES
DEPARTMENT OF AGRICULTURAL ECONOMICS AND EXTENSION
SECOND SEMESTER POP EXAMINATION SEPTEMBER, 2019

Programme: Agricultural Extension and Management

Course Code: AEM 724

Course Title: Macroeconomics

Credit Unit: 2

Total Score: 70 Marks

Time Allowed: 2 Hours

Instruction: Answer compulsory question one (1) (25 marks) and any other 3 (3) Questions (15marks each)

- 1a. There are two basic approaches to economic study and analysis: Microeconomics and Macroeconomics. In your own view, what is macroeconomics all about? (5 marks)
 - b. Macroeconomics is composed of different areas, based on different schools of thought. These schools of thoughts are the **Classical Economics, Neoclassical Economics, Keynesian Economics** and **Neo Keynesian Economics**. Appraise these different schools of thought using two (2) instances each. (8 marks)
 - c. Discuss the **Absolute Income Hypothesis** and **Life Cycle Hypothesis** using in each case **six (6) instances**. (12 marks)
2. Using **five (5) instances** each, justify the;
- a. **Classical** views of full employment (**7 ½ mks**)
 - b. **Keynesian** views of full employment (**7 ½ marks**).
3. There are a number of factors other than the rate of interest which affect the inducement to invest.
- a. Identify five (5) of the likely factors capable of inducing investment (5 mks)
 - b. Expatriate the five (5) factors mentioned above in 3a. (10 mks)
4. Calculating the national income of a country is a complicated problem and is beset with numerous difficulties.
- a. Highlight five (5) of the problems encountered in calculating national income (4 mks)
 - b. Provide details of the highlights of problems encountered in calculating national income as mentioned in 4a (10 mks)
5. Consumption is a function of both endogenous and exogenous variables.
- a. State four (4) exogenous factors that affect consumption (4 mks)
 - b. Explain any three (3) of the exogenous factors mentioned in 5a (11 mks)
6. Discuss the neo-classical growth model developed by Robert Solow and Paul Samuelson (**15marks**)