



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2021_1 EXAMINATION**

COURSE TITLE: MACROECONOMICS THEORY I

COURSE CODE: ECO 341

UNITS: 3

TIME ALLOWED: 3 HOURS

INSTRUCTION: ANSWER ANY FOUR (4) QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS

QUESTION 1

List and briefly explain the limitations of Macroeconomics

17.5 Marks

QUESTION 2

2a. Write short note on:

i. The consumption Function

4 Marks

ii. The Saving Function

4 Marks

2b. Given $C = a + bY_d$, derive the saving function

9.5 Marks

QUESTION 3

3. What is Autonomous investment?

5.5 Marks

3b. Write short note on:

i. Average propensity to invest

6 Marks

ii. Marginal propensity to invest

6 Marks

QUESTION 4

Given the equations below, determine the equilibrium national income

$$Y = C + I + G$$

$$C = a + bY_d$$

$$Y_d = Y - T$$

$$I = I_o$$

$$G = G_o$$

17.5 Marks

QUESTION 5

5. What is barter system?

3.5 Marks

5b. List and briefly explain the problems associated with barter system **14 Marks**