



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2022_1 EXAMINATION.**

**COURSE TITLE: MACROECONOMIC THEORY I
COURSE CODE: ECO 341
UNIT: 3 UNITS
TIME ALLOWED: 3 HOURS**

INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER THREE (3) QUESTIONS

QUESTION 1

a. Given the following functions below, show the National Income Equilibrium

$$C = a + bY_d, Y_d = Y - T, T = T_o + tY, I = I_o + rY, G = G_o + gY, X = X_o, M = M_o + mY$$

5 Marks

b. Graphically, explain the inflationary and deflationary gap

10 Marks

c. Discuss with the aid of graphical illustrations, why the consumption curve slopes upward

10 Marks

QUESTION 2

List and briefly explain five (5) macroeconomic policy objectives

15 Marks

QUESTION 3

a. Write short note on:

i. Fiscal policy instruments

5 Marks

ii. Monetary policy instruments

5 Marks

b. Discuss the core development objectives

5 Marks

QUESTION 4

Discuss briefly the following national income concepts

i. Gross Domestic Product

3 Marks

ii. Gross National Product

3 Marks

iii. Net National Product

3 Marks

iv. Personal Income

3 Marks

v. Disposable Income

3 Marks

QUESTION 5

Discuss the Classical and Keynesian school of thought in macroeconomics

15 Marks