



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

**COURSE TITLE: MONETARY THEORY AND POLICY  
COURSE CODE: ECO 343  
UNIT: 3 UNITS  
TIME ALLOWED: 3HOURS  
INSTRUCTION: ANSWER ANY FOUR QUESTIONS**

**QUESTION ONE**

Define the concept of monetary policy and what role does monetary policy plays in developing economy like Nigeria? **(17.5 marks)**

**QUESTION TWO**

Explain the concept of money supply. To determinant supply of money in an economy we shall use the M1 concept of money supply which is the most fundamental concept of money supply can be used. What are the determinants of supply of money? **(17.5 marks)**

**QUESTION THREE**

- a) Explain the Central Bank of Nigeria (CBN) monetary policy instruments that can be used to regulate the economy. **(12 marks)**
- b) Distinguish between the internal and external value of money. **(5.5 marks)**

**QUESTION FOUR**

- a) Discuss Friedman Demand for Money. **(7.5 marks)**
- b) What are the determinants of Friedman demand for money? **(10marks)**

**QUESTION FIVE**

- a) The Cambridge Equations (The Cash Balances Approach) and Quantity Theory of Money (The Cambridge Cash Balance Approach) are both monetary theories. Discuss these theories. **(7.5 marks)**
- b) The Cambridge Cash Balances Approach has been posited to be superior to the Fisher's Transaction Approach of Money. Discuss **five** areas of these superiorities. **(10 marks)**