



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2023_1 POP EXAMINATION**

**COURSE TITLE: ECONOMIC THEORY
COURSE CODE: ECO 802
UNITS: 3
TIME ALLOWED: 2 HOURS**

INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

QUESTION ONE

- (a). Explain the term Macroeconomics. (10marks)
 - (b). The basic analytical model in any economic analysis consists of five basic steps. Briefly discuss the five steps. (10marks)
 - (c). The different types of macroeconomic models serve different purposes and have different advantages and disadvantages. Briefly discuss the different classifications of macroeconomic models. (10marks)
- (30marks)

QUESTION TWO

- (a). Economic data are basically classified into two types. Briefly discuss the two types of economic data. (10marks)
 - (b). Differentiate between factor markets and Product markets. (10marks)
- (20marks)

QUESTION THREE

- (a). Every rational individual operates in at least three roles that are of interest to economists. Briefly discuss the three roles. (10marks)
- (b). The major types of demand encountered in business decisions. (10marks)

QUESTION FOUR

Assume that an individual's utility function is given by: $U = X_1X_2$; that $P_1 = 2$ naira, $P_2 = 5$ naira; and, that the individual consumer's income for the period of analysis is N10,000. What are the units of goods X_1 and X_2 that the consumer must purchase and consume in order that he/she maximizes his/her utility? (20marks)

QUESTION FIVE

- (a). Discuss the term Consumers' Expectations. (10marks)
- (b). Discuss in details the term demonstration effect. (10marks)