NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2023_2 EXAMINATIONS

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

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

QUESTION 1

a. Given a hypothetical economy such that $C = a + bY_d$, $Yd = Y – T$, $T = T_o + tY$, $I = I_o + rY$, $G = G_o + gY$. show the National Income Equilibrium Y_e **10 Marks**

b. Given a consumption function as $C = 35 + 0.45Y$, what will be the saving function? **5 Marks**

c. Define the term Multiplier **5 Marks**

d. List any 5 factors affecting the inducement to invest **5 Marks**

QUESTION 2

a. Discuss the consumption theory as propounded by James Duesenberry **15 Marks**

QUESTION 3

a. Using graphical illustrations, differentiate between inflationary and deflationary gaps. **10 Marks**

b. Discuss the consumption function. **5 Marks**

QUESTION 4

All economies worldwide have laid down Macroeconomic Policy Objectives. Discuss five (5) of these objectives **15 Marks**

QUESTION 5

List and discuss five (5) major characteristics of less developed countries **15 Marks**