



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

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**COURSE TITLE: MACROECONOMIC THEORY II**  
**COURSE CODE: ECO 342**  
**UNITS: 3**  
**TIME ALLOWED: 3 HOURS**

**INSTRUCTION: Instruction: Answer Question 1 and any other 2 questions**

**QUESTION ONE**

- (a). Discuss the economic effects of naira depreciation in an economy. **(10marks)**
  - (b). Discuss the exchange rate policy that can be used to relief the economy. **(10marks)**
  - (c). If the Nigeria government exchange rate policy is market base, what do you think will happen to the naira. Discuss **(10marks)**
- (30 marks)**

**QUESTION TWO**

- (a). Discuss main causes of inflation in an economy. **(10marks)**
  - (b). Discuss the effects of inflationary rate on the economy **(10marks)**
- (20marks)**

**QUESTION THREE**

- (a). Discuss how the inflationary rate is control in an economy. **(10marks)**
  - (b). Briefly explain the process of buying and selling in international trade. **(10marks)**
- (20marks)**

**QUESTION FOUR**

- (a). Discuss how balance of payment deficit can be curbed in an economy. **(10 marks)**
  - (b). Briefly differentiate between aggregate consumption, aggregate investments and aggregate savings. **(10marks)**
- (20marks)**