



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2023 2 EXAMINATIONS

COURSE TITLE: PUBLIC SECTOR ECONOMICS

COURSE CODE: ECO727

UNITS: 2

TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER THREE (3) QUESTIONS. QUESTION ONE IS COMPULSORY.

1a. Taxation as a significant fiscal policy instrument may be used to accomplish specific objectives in an economy, mention five (5) these objectives. **(5marks)**

1b. Briefly explain five (5) ways fiscal policy can be used to achieve full Level of employment in Nigeria. **(5marks)**

1c. In spite of all the importance of fiscal policy, it comes with some shortcomings. List and briefly explain five (5) of these shortcomings. **(10marks)**

1d. Primarily, fiscal policy functions include allocation function, stabilization function, distribution function and economic growth function. Discuss. **(10marks)**

2. Briefly explain the following concepts. **(4 marks each)**

- i) Deficit Spending ii) Fiscal Federalism iii) Fiscal Institutions iv) Fiscal Consolidation v) Marginal Social Sacrifice (MSS)

3a. Mention five (5) factors adversely affecting fiscal policy functions in a developing country like Nigeria. **(10marks)**

3b. In developing countries, there are some peculiar factors limiting optimal distribution of social goods, list five (5) of these factors. **(10marks)**

4a. Apart from shortage of financing, give and explain five (5) other reasons why the production of public goods is difficult. **(10marks)**

4b. In the developmental process of any developing country like Nigeria, public expenditure plays important roles for a successful outcome. Discuss. **(10marks)**