



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
SEPTEMBER, 2020 1**

COURSE TITLE: TAXATION AND FISCAL POLICY

COURSE CODE: ECO 440

UNITS: 2

TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER ANY THREE (3) QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS

QUESTION ONE

Explain the rationale behind public intervention in economic activity.

(23 Marks)

QUESTION TWO

Evaluate the concept of public revenue and what are the sources of financing government activities.

(23 Marks)

QUESTION THREE

Highlight the two main reasons of studying public expenditure and explain the causes of increase in public expenditure.

(23 Marks)

QUESTION FOUR

a) Use a graphical illustration to explain the classification of public expenditure.

(10 Marks)

b) Give a brief explanatory note on each of the following.

i. Adolph Wagner's hypothesis

ii. Peacock - Wiseman hypothesis and

iii. Colin Clark's Critical Limit Hypothesis

(13 Marks)

QUESTION FIVE

a) Explain the concept of public debt and highlight the reason for government borrowing.

(13 Marks)

b) What are the factors that influence lending to the government by financial organizations?

(10 Marks)