



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
14/16, Ahmadu Bello Way, Victoria Island

**SCHOOL OF SCIENCE AND TECHNOLOGY**  
**October, 2013 Examination**

**Course Code: AEM 724**  
**HOURS**

**TIME: 2 ½**

**Course Title: MACROECONOMICS**

**INSTRUCTION: ANSWER ONLY 4 QUESTIONS**

1. a. What do you understand by macroeconomics?  
b. Define the following terms:
  - i. Deflation;
  - ii. Disinflation;
  - iii. Hyperinflation;
  - iv. Stagflation; and
  - v. Reflation.
- b. What are the causes of Cost-Push Inflation?
2. a. What is Gross National Product (GNP)?
  - b. What are the major determinants of final demand?
  - c. State four functions of money.
  - d. Why would your country embark on an expansionary monetary policy?
  - e. Mention the role of Central Bank in implementing expansionary monetary policy.
3. a. Mention the advantages of large capital flow in an economy.  
b. Mention the challenges/disadvantages posed by large capital flow in an economy.  
c. Define GDP for a given year.  
d. Name the basic methods of measuring GDP  
e. Differentiate between economic growth and economic development
4. a. Define the following:
  - i. GNP at factor cost;
  - ii. GNP at market prices;
  - iii. Net National Product;
  - iv. Disposable Income; and
  - v. Transfer Payment.
  - vi. Average Propensity to consume;
  - vii. Marginal Propensity to consume.  
b. What do you understand by consumption function?
5. a. Define the following terms:
  - i. Autonomous investment;
  - ii. Induced investment;
  - iii. Marginal efficiency of investment.  
b. Mention the factors affecting inducement to invest.  
c. Name the different types of Unemployment.
6. a. Define restrictive monetary policy.  
b. Why does the Central Bank embark on a restrictive monetary policy?  
c. How does the Central Bank carry out restrictive monetary policy?  
d. Identify the problems of national income measurement in developing countries.

