



NATIONAL OPEN UNIVERSITY OF NIGERIA
14/16, AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS
SCHOOL OF MANAGEMENT SCIENCES
JUNE/JULY, 2013 EXAMINATIONS.

Course Code: MBA803 **Credit Unit:** 3
Course Title: MACROECONOMICS
Time Allowed: 2 1/2 Hours
Instructions: 1. Attempt question number one (1) and any other three (3).
2. Question number 1 is compulsory and carries 25 marks while the other 3 questions carry 15 marks each.
3. Present all your points in coherent and orderly manner.

1(a) List and explain three major theories of inflation.

(12 marks)

(b) Discuss in detail the monetary policy measures that can be used in transforming the Nigerian economy. Evaluate critically the probable implementation problems facing the monetary authorities, such as the Central Bank of Nigeria.

(18 marks)

2. It has been argued that, though pure monetary theory remains relevant in explaining modern business fluctuations, it has a lot of criticisms. List and briefly discuss the recent criticisms of the pure monetary theory. **(20 marks)**

3a. List and briefly discuss the three major economic systems of the world. What are the advantages and disadvantages of the economic systems you listed?

b. What are the three economic reasons for the demand for money? Illustrate with appropriate examples. **20 MARKS**

4(a) Explain the meaning and applicability of marginal efficiency of investment (MEI).

(b) The theory of investment behaviour assumes that a higher expected rate of return on investment is usually associated with higher risk. Explain, using W. F. Sharpe's model of capital asset market equilibrium under conditions of risk.

20 MARKS

5. In any given economy, flows in the financial system are normally classified into three broad categories. Discuss in detail these categories. Of what significance is each of these categories to the business firms? **20 MARKS**