

## NATIONAL OPEN UNIVERSITY OF NIGERIA FACULTY OF SOCIAL SCIENCES DEPARTMENT OF ECONOMICS 2017\_2 Examination, January/February 2018

COURSE TITLE: MACROECONOMICS THEORY

**COURSE CODE: ECO 718** 

**UNITS: 2** 

**TIME ALLOWED: 2 HOURS** 

INSTRUCTION: ANSWER QUESTIONS 1 AND ANY OTHER TWO QUESTIONS

1. (a) Define macroeconomic studies. 7 marks

(b) What are the limitations of macroeconomics? 16 marks

- 2. Examine in detail the determinants of aggregate demand and consumption. 23marks
- 3. Explain in detail the following hypothesis:
  - a. The life cycle hypothesis 7 marks
  - b. The permanent income hypothesis 7 marks
  - c. The relative income hypothesis 8 marks
- 4. Differentiate between the Classical and Keynesian national income models.

## 23 marks

5. (a) What factors determine the supply of money in an economy? 11 marks

(b) Examine the factors that determine the demand for money. 12 marks