

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