

**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**14/16 AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS**

**SCHOOL OF SCIENCE AND TECHNOLOGY**

**JUNE/JULY EXAMINATION**

**COURSE CODE: AEM724**

**COURSE TITLE: Macroeconomics**

**TIME ALLOWED:2 1/2 HOURS**

**INSTRUCTION: ANSWER ONLY 4 QUESTIONS**

1. a.

1. What is Gross National Product (GNP)?
2. What are the major determinants of final demand?

b.

1. State four functions of money.
2. Why would your country embark on an expansionary monetary policy?
3. Mention the role of Central Bank in implementing expansionary monetary policy.

2. a.

1. Mention the advantages of large capital flow in an economy.
2. Mention the challenges/disadvantages posed by large capital flow in an economy.
3. Define GDP for a given year.
4. Name the basic methods of measuring GDP.

b.

1. Define economic growth.
2. Define economic development.
3. Mention the basic methods of measuring economic growth.

3. a.

I. Define the following:

1. GNP at factor cost;
2. GNP at market prices;
3. Net National Product;
4. Disposable Income; and
5. Transfer Payment.

II. What is consumption function?

III. Define the following terms:

1. Average Propensity to consume;
2. Marginal Propensity to consume.

4. a.

I. Define the following terms?

1. Autonomous investment;
2. Induced investment;
3. Marginal efficiency of investment.

II. Mention the factors affecting inducement to invest.

III. Name the different types of Unemployment.

5. a.

I. Define macroeconomics.

II. Define the following terms:

1. Deflation;
2. Disinflation;
3. Hyperinflaton;
4. Stagflation; and
5. Reflation.

b.

1. What are the causes of Cost-Push Inflation?
2. List the common measures of inflation.

6. a.

1. Define restrictive monetary policy.
2. Why does the Central Bank embark on a restrictive monetary policy?
3. How does the Central Bank carry out restrictive monetary policy?
4. Identify the problems of national income measurement in developing countries.