Course Code: ECN 204
Course Title: Introduction to Macroeconomics II
Instruction: Answer any THREE questions. Each question carries 20 marks.
Time Allowed: 2 hours   Date: 12th July, 2019

1. Given the national income model;
    Where; $C = N50m + 0.8Y_d$

    $\qquad Y_d = Y - T$
    $\qquad T = N50m$
    $\qquad I = N40m$
    $\qquad G = N52m$
    $\qquad X = N32m$
    $\qquad M = N37m$

    a) Calculate the equilibrium national income.
    b) Derive the tax multiplier.
    c) Derive the consumption multiplier.

2.
    a) Giving assumptions and relevant equations, explain the acceleration principle.
    b) Given a 3 sector closed economy, proof that the balanced budget is unitary.

3.
    a) What do you understand by multiplier effect?
    b) List 4 consumption theories you know.
    c) Explain any two consumption theories in details.

4.
    a) Unemployment is a macroeconomic problem in any country, explain five factors responsible for the increase in this rate in Nigeria?
    b) Proffer solutions to each problem raised in a) above.

5.

Year	Price of bag	Quantity of bag	Price of shoe	Quantity of shoe
2010	5,000	2	9,000	3
2011	8,000	3	18,000	5
2012	15,000	5	20,000	6

to   Given the price and quantities of a basket of good (bag and shoes) for year 2010 2012 and using 2011 as the base year, calculate;

    i.   The Nominal GDP for 2010, 2011 and 2012.
    ii.   The real GDP for 2010, 2011 and 2012.
    iii. The GDP deflator for 2010, 2011 and 2012.