

Elizade University, Ilara Mokin
Ondo-State, Nigeria
Department of Economics
2nd Semester 2018/2019 Examination Questions



Course Code: ECN 304

Course Title: Introduction to Macroeconomics II

Instruction: Answer any THREE questions. Each question carries 20 marks.

Time Allowed: 2 hours

Date: 9th July, 2019

1. Given the national income model;
Where; $C = N200m + 0.5Y_d$
 $Y_d = Y - T$
 $T = N30m$
 $I = N60m$
 $G = N86m$
 $X = N40m$
 $M = N45m$
 - a) Calculate the equilibrium national income.
 - b) Derive the tax multiplier.
 - c) Derive the consumption multiplier.

2.
 - a) Inflation have different effects on different set of people. Discuss **five** effects of inflation.
 - b) With the aid of well labelled graphs, differentiate between the following;
 - i) Inflationary and deflationary gap
 - ii) Demand pull and cost push
 - iii) Classical and Keynesian Economics
 - iv) ~~Value of money and value for money~~
macroeconomics & microeconomics

3.
 - a) Given a 3 sector closed economy, proof that the balanced budget is unitary.
 - b)

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

- Given the price and quantities of a basket of good (bag and shoes) for year 2010 to 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.
 - iv. The inflation rate for 2011 and 2012.

4.
 - a) Discuss four control of inflation.
 - b) Unemployment is a macroeconomic problem in any country, discuss **five** solutions that would reduce unemployment in the Nigerian economy.
 - c) Can unemployment be fully eradicated in a country? Discuss.

5. Write short notes on the following
 - a) Multiplier effect
 - b) Labour force
 - c) Long-term unemployed
 - d) Full employment
 - e) Philip's curve
 - f) Discouraged workers