



ELIZADE UNIVERSITY
 Ilara-Mokin, Ondo State
 Department of Economics and Development Studies
 Faculty of Humanities, Social and Management Sciences
 First (1st) Semester Examination
 2019/2020 Academic Session

Course Code: ECN 303

Credit Units: 2

Course Title: Intermediate Macroeconomics I

Instructions: Answer any 3 questions

Time Allowed: 2 hours

Question One

- a) In Nigeria, the unemployment rate increased from 8.53 in 2019 to 9.01 in 2020, this would definitely influence the economy in some ways. Explain five effects of unemployment on Nigerian Economy.
- b) Suggest relevant policies to combat the points explained in (a) above

Question Two

Year	Price of bag	Quantity of bag	Price of shoe	Quantity of shoe
2018	5,000	2	9,000	3
2019	8,000	3	18,000	5
2020	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 years 2018, 2019 and 2020.
- ii. The real GDP for years 2018, 2019 and 2020.
- iii. The GDP deflator for years 2018, 2019 and 2020.
- iv. The inflation rate for 2019 and 2020.

Question Three

Given the following hypothetical model for the Australian economy;

$$C = 200 + 0.6Y_d$$

$$I = 100 - 1000r$$

$$G = 200$$

$$L = 250 + 0.2Y - 500r$$

$$M = 400$$

- a) Determine the IS function
- b) Determine the LM function
- c) Generate the general equilibrium interest rate and income of the economy

Question Four

- a) Discuss four control of inflation.
- b) Inflation have different effects on different set of people. Discuss five effects of inflation.
- c) Can unemployment be fully eradicated in a country? Discuss.

Question Five

Given;

$$C = \alpha + \beta Y_d$$

$$M = m$$

$$L = L_0 + L_1 Y - L_2 r$$

- a) Prove that the slope of the LM curve is positive.
- b) With the aid of well labelled diagrams, explain;
 - i) The effect of changes of expansionary fiscal policy on income and interest rate
 - ii) The effect of contractionary monetary policy on income and interest rate

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