



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 203

Credit Units: 2

Course Title: Introduction to Macroeconomics I

Instructions: Answer any 3 questions

Time Allowed: 2 hours

Question One

Given;

$$C = \lambda + \theta Y$$

- Derive the saving function
- Explain **four** objectives of Macroeconomics
- List the components of the 3 sector open economy.

Question Two

The table below represent the hypothetical consumption function of Madagascar, showing relevant formulas, complete the table below

Disposable income	Consumption Expenditure	APC	MPC	Saving	APS	MPS
0	50	0	-		-	-
200	150	A	B	C	D	E
400	250	F	G	H	I	J
600	350	K	L	M	N	O

- Get the values of A-O
- Use the table above to plot the graph of saving function and discuss the relationship between savings and income
- Differentiate between GDP at factor cost and GDP at market price

Question Three

- Explain the types of inflation
- Discuss **two** possible effects of inflation on Nigerians.
- Suggest **four** policies the Government can use to solve the problems of inflation

Question 4

Given the following model;

$$C = 200m + 0.5Y_d$$

$$I = N60m$$

$$G = N86m$$

$$X = N40m$$

$$M = N45m$$

$$T = N30m$$

- Determine the equilibrium National Income
- What is the tax multiplier of the economy
- What is the value of the MPS?
- What is the value of net export and what does it imply?

Question 5

- Explain **three** Importance of the national income estimates
- Differentiate between classical and Keynesian national income models
- Explain **five** factors that influences the level of National income