



BOWEN UNIVERSITY, IWO
COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES
ECONOMICS PROGRAMME
BSc DEGREE 2022/2023 ACADEMIC SESSION
SECOND SEMESTER EXAMINATION

Course code: ECN 402

Course credit: 3

Course title: Advanced Macroeconomics

Time allowed: 3 hours

Answer question one (1) and any other three questions

Question 1

- i. In an economy, the population spends ₦500 on absolute necessities needed to sustain themselves. The current income is ₦2500, and the MPC is 0.5. Determine the level of consumption. (3 marks)
 - ii. What is the value of consumption when income is zero? (2 marks)
 - iii. Using relevant examples and diagrams, explain why consumption will exist when income is zero. (8 marks)
 - iv. Discuss the determinants of propensity to consume. (8 marks)
 - v. Using a relevant diagram, explain the saving function. (4 marks)
- (25 marks)**

Question 2

- i. Harrod-Domar model provides a critical analysis of factors that affects economic growth. Briefly discuss each of these concepts as explained by Roy Harrods:
(a) Warranted growth rate; (b) The natural growth rate (7 marks)
- ii. Discuss the critics of Harrod-Domar model. (8 marks)

Question 3

- i. To achieve efficient and effective economic outcomes, there is a need for sound economic coordination. Identify and explain the three main types of economic coordination. (6 marks)
- ii. Identify and explain any seven (7) limitations of economic coordination. (7 marks)
- iii. Justify the reasons for economic coordination. (2 marks)

Question 4

- i. The Nigerian parliament is worried about the state of her economy, some members of the ruling party are of the view that the economy is growing, while the opposition opined that the economy is witnessing reversed growth. As an economist, provide the parliament on determinants of economic growth. (6 marks)
- ii. The Solow growth model is an exogenous model of economic growth that analyzes changes in the level of output in an economy over time as a result of changes in the population growth rate, saving rate, and the rate of technological progress. What are the underlying assumptions of this model? (9 marks)

Question 5

- i. Recently, the Nigerian Economic Council noted that there is wide income inequality in the nation, as an economist, identify and discuss the causes of income inequality. (10 marks)
 - ii. What can be done to address income inequality? (5 marks)
- (15 marks)

Question 6

The Classical theory of employment and output built its macroeconomic model on three main frameworks. Using relevant diagrams and or equations, explain each of these markets. (15 marks)