

FEDERAL UNIVERSITY OF TECHNOLOGY, OWERRI
SCHOOL OF AGRICULTURE AND AGRICULTURAL TECHNOLOGY
DEPARTMENT OF AGRICULTURAL ECONOMICS

2017/2018 RAIN SEMESTER EXAMINATIONS

COURSE: AEC 202 (PRINCIPLES OF MICRO AND MACRO ECONOMICS)

TIME: 3HRS

ANSWER ANY FOUR QUESTIONS

1. a) Discuss the basic economic problems and the place of opportunity cost in it.
b) The economic systems are concerned with ownership and control of resources. Discuss the different economies you know, and which one does Nigeria practice?
- 2.a) Discuss the exceptions of the law of demand, and mention 5 determinants of supply.
b) Consider a market described by the following equations:
$$Q^d = 100 - 2P \quad \dots\dots (i)$$
$$Q^s = 4 - 4P \quad \dots\dots(ii)$$
at equilibrium, determine the price, quantity demanded and quantity prevailing in the market.
- 3.a) In the Savings-Investment identity in National Income Accounts, show that $C + I \equiv Y \equiv C + S$
b) Show also the consequences of Government not having a balance budget.
4. With good diagrams, show the differences in circular money flow model with government and the circular flow of income in an open economy with government and foreign sector.
5. a) In the Savings - Investment identity in the open economy, show that $I + G + Nx = S + T$
b) State and explain the classical theory of employment.
6. With a good diagram, analyze Labour-Market equilibrium with emphasis on determination of employment and wages.