NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2025_2 EXAMINATIONS

COURSE TITLE: **ECONOMIC THEORY**
COURSE CODE: **ECO 802**
UNIT: **3 UNITS**
TIME ALLOWED: **3 HOURS**

INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

1(i) Explain the basic economic principles and their application to business decisions. Provide examples (10 Marks).

(ii) Discuss the concept of consumer choice and the maximization of utility. How do individual and market demands differ? (10 Marks)

(iii) Describe the theory of production and the cost functions. What is the role of profit maximization in linear programming methods? (5 Marks)

(iv) Evaluate the impact of government, foreign trade, and the money market equilibrium on national income determination. Include the goals, instruments, targets, and problems associated with monetary policies (5 Marks).

2. Discuss the tools and models of economic analysis. How do these tools aid in understanding and solving economic problems? Provide specific examples of their application (20 Marks).

3. Explain the concept of income distribution and the theory of welfare economics. How do these concepts relate to resource allocation in a market economy? (20 Marks).

4. Describe the relationship between inflation, output, and unemployment. How do these variables interact in the short run and the long run? (20 Marks).

5. Analyze the determinants of market demand. How do changes in these determinants affect the demand curve? (20 Marks).