

BOWEN UNIVERSITY
COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES
ECONOMICS PROGRAMME
BSC DEGREE EXAMINATION
FIRST SEMESTER 2021/2022 ACADEMIC SESSION

COURSE CODE: ECN 221 (3 Credits)
DATE: MARCH, 2022

COURSE TITLE: Applied Economics
TIME ALLOWED: 2 hours 30 minutes

INSTRUCTION: ANSWER QUESTION 1 AND ANY OTHER THREE

1a. Differentiate between real and nominal GDP **5 Marks**

b. The table below represents the various productions of different goods for a particular country.

Year	2001		2002		2003	
Item	Qty	Price	Qty	Price	Qty	Price
Yam	20	100	20	250	20	300
Shirt	15	50	15	60	15	90
shoes	12	150	12	160	12	180
Phones	30	100	30	120	30	150
Books	25	80	25	100	25	150

You are required to calculate:

i. Nominal GDP for years 2001, 2002 and 2003. **10 Marks**

ii. Real GDP for years 2002 and 2003 using 2001 as the base year. **10 Marks**

2.i. Briefly define inflation **3 Marks**

ii. Briefly explain **TWO** effects of inflation **6 Marks**

iii. List and Explain **TWO** instruments the government can use to control inflation and how it could be done. **6 Marks**

3.i. Briefly explain Absolute advantage and Comparative cost advantage **3 Marks**

ii. A hypothetical country X can produce 5 barrels of oil in 1hr while country Y will produce 10 barrels in 1hr, country X can produce 20 Tons of cocoa in 1hr while country Y will produce 10Tons in 1Hr. Using the theory of absolute advantage,

(a) Calculate the total trade before and after specialization

6 Marks

(b) Calculate the gain from trade after specialization

6 Marks

4.i. Briefly define the following concepts:

(a) balance of payment (b) International Trade

6 Marks

ii. Explain and indicate the contents of the balance of payment accounts

9 Marks

5.i. Differentiate between Growth and Development

5 Marks

ii. List and explain **FIVE** features of a developing economy.

10 Marks

6.i. Briefly explain the following concepts: (a) Demand-Pull inflation (b) unemployment

6 Marks

ii. List and discuss **THREE** types of unemployment

9 Marks