

BOWEN UNIVERSITY
COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES
ECONOMICS PROGRAMME

see on
FIRST SEMESTER 2021/2022 ACADEMIC SESSION

COURSE CODE: ECN 102 (2 Credits)
DATE: JULY, 2022

COURSE TITLE: Principle of Economics II
TIME ALLOWED: 1 hours 30 minutes

INSTRUCTION: ANSWER QUESTION 1 AND ANY OTHER TWO

1. Briefly explain the following and their determinants: (a) Consumption (b) Investment (c) Demand for Money
(b) Consider an economy in which the price level is equal to one and the goods and money markets are described by the following equations:
 $C = 400 + 0.2Y_d$; $I = 80 + 0.5Y - 10r$; $G = T = 100$
 $M_d = 100 + Y - 50r$; $M_s = 100$
 - i. Calculate the equilibrium level of income and interest rate, describe your solution with a graph.
 - ii. Compute the equilibrium level of consumption and interest rate **30 Marks**
2. What is unemployment?
(b) List and discuss the types of unemployment **20 Marks**
3. Discuss the concept of central bank.
(b) Discuss FIVE traditional functions of Central Bank.
(c) Discuss FIVE Developmental functions of the Central Bank **20 Marks**
4. Write short note on the following: (i) GDP (ii) GNP (iii) Disposable Income (iv) Deposit Money Banks (v) Macroeconomics **20 Marks**
5. (a) Briefly explain Absolute advantage and Comparative cost advantage
(b) 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,
(i) Calculate the total trade before and after specialization
(ii) Calculate the gain from trade after specialization **20 Marks**