

Elements of Economics 2 (ECON 152)
Problem set 1

Question 1

The following information was provided by the Ghana Statistical Service for the year 2012.

	Gh¢
Transfer Payment	362
Undistributed business profit	451
Indirect Taxes	563
Capital Consumption Allowance	251.1
Intermediate goods	2,056.1
Subsidy	1,120
Income of foreigners in Ghana	55.1
Income of Ghanaians Abroad	102
Unemployment benefit	187.1
Gross Output at market price	6,716.2

You are required to calculate:

- a. Net Domestic Product (NDP) at factor cost.
- b. Gross National Product (GNP) at market price.

Question 2

You have the following information about an economy:

	Millions of people
Adult population	1805
In the Labour force	1201
Students	150
Employment in the public sector	511
Discouraged workers	90
Total employment in the private sector	455

Based on the information above, determine:

- a. The unemployment rate
- b. Labour-force participation rate
- c. Employment-population ratio

Question 3

Using the concepts of equilibrium and disequilibrium unemployment, explain why the labour market does not clear

Question 4

The basket contains 20 bags of Cocoa and 10 bags of Rice. The prices for each year are given below.

	Prices (Ghc)	
Year	Cocoa	Rice
2009	10,000	15,000
2010	11,000	15,000
2011	12,000	16,000
2012	13,000	15,000

For each year, you are required to:

- Compute the total cost of the basket
- Compute the CPI, using 2009 as the base year
- Compute the inflation rate from the preceding year