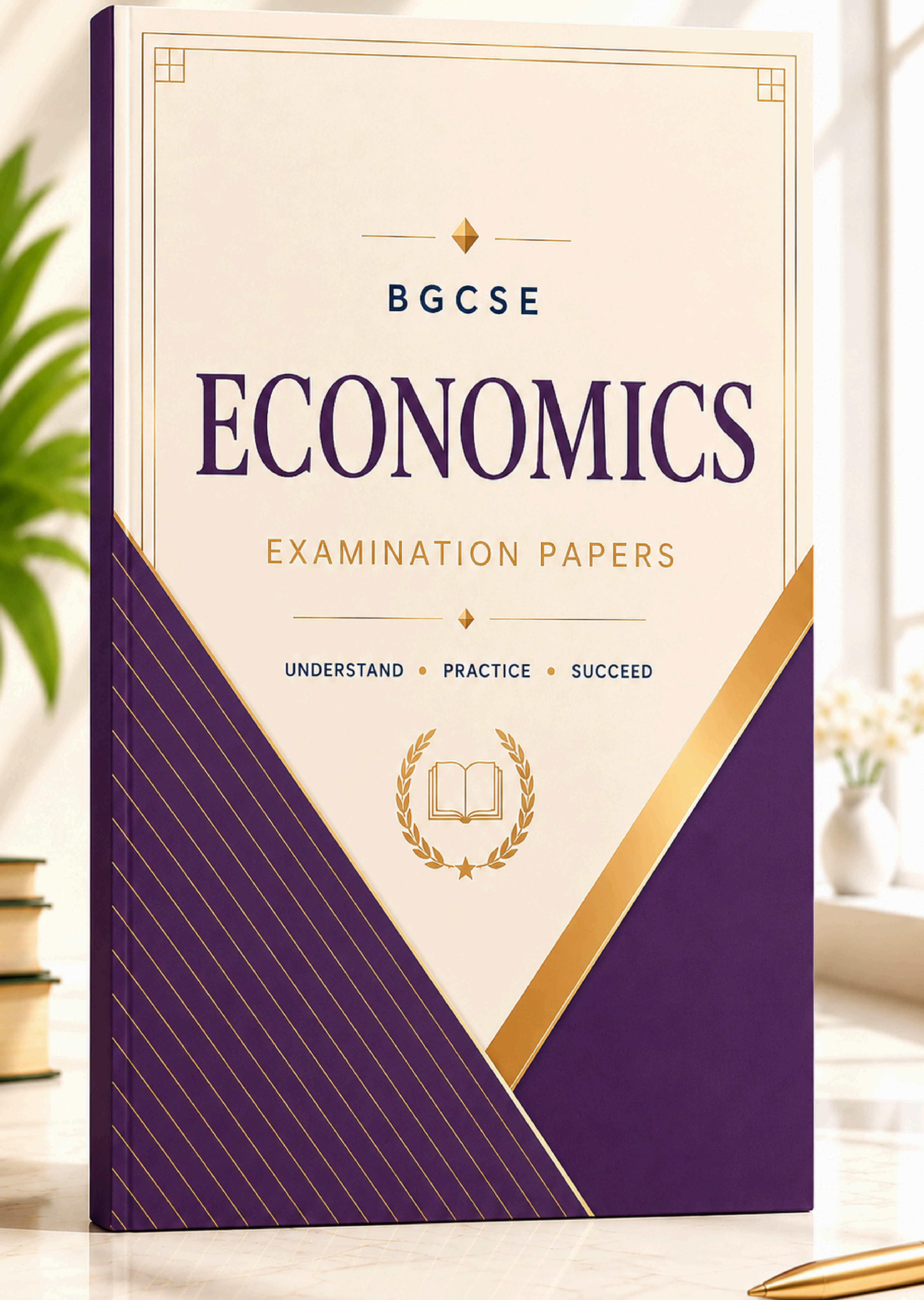
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ECONOMICS

PAPER 1 2030/1

Tuesday **27 MAY 2025** 1:00 P.M. – 3:00 P.M.

Additional materials:
None

MINISTRY OF EDUCATION NATIONAL EXAMINATIONS

BAHAMAS GENERAL CERTIFICATE OF SECONDARY EDUCATION

INSTRUCTIONS TO CANDIDATES

Do not open this booklet until you are told to do so.

Write your School Number, Candidate Number, Surname and Initials at the top of this booklet.

Read the instructions for each task carefully before you start.

Answer **ALL** questions in the booklet.

The number of marks available is shown in brackets [ ] at the end of each question or part question.

Calculators are allowed.

ALL answers must be written in **INK**. Pencilled answers will **NOT** be accepted.

FOR EXAMINER'S USE ONLY	
Questions 1 – 30 Multiple Choice	
Question 31 – Matching	
Question 32 – True or False	
Question 33 – Structured	
Question 34 – Structured	
TOTAL MARKS 100	

This question paper consists of 16 printed pages.

SECTION A – 30 marks
Multiple Choice Questions 1 – 30

Instructions: Read each question carefully. Answer **ALL** questions. Circle the letter in the booklet next to the **ONE** answer that is correct. Each question is worth **ONE** mark.

1. Economics is primarily concerned with which one of the following?

   A. future costs of goods
   B. methods of production
   C. use of resources
   D. value and objectives of a society [1]

2 How are prices usually determined in a centrally planned economy?

   A. Allocation of resources
   B. Government
   C. Market mechanism
   D. Suppliers and producers of goods [1]

3. What reason would account for inefficiency in a subsistence economy?

   A. Fewer resources are required for it to work than in any other system.
   B. It requires further investments to stimulate economic growth.
   C. Resources are allocated based on who wants them.
   D. The price of goods and services are self-determining. [1]

4. What does the abbreviation "PLC" stand for?

   A. partnership with limited liability
   B. private limited company
   C. public limited company
   D. public limited corporation [1]

5. What is true of a partnership?

   A. All partners have limited liability.
   B. A partnership may lack continuity.
   C. Partners can sell their shares on the local securities exchange.
   D. The number of partners is unlimited. [1]

6. What concept explains 'the relationship between the cost of production and the output as the scale of an operation is increased'?

A. administrative costs
B. diminishing marginal returns
C. economies of scale
D. overhead costs of a business [1]

Brown & Co.	
Courier Service	
Capital employed:	
Fixed capital	$100,000
Working capital	$ 50,000
Turnover	$ 75,000
Profit margin (as a percentage of total revenue)	20 per cent

Fig. 1

Use the data in Figure 1 to answer question 7.

7. What rate of return did the firm earn on the capital employed?

A. 10%
B. 20%
C. 50%
D. 75% [1]

8. Which pair is not representative of a large firm?

	ADVANTAGE	DISADVANTAGE
A	increased dimension	too bureaucratic
B	flexibility	higher average cost
C	market domination	difficulty in management
D	greater security	poor motivation

[1]

9. What is the best definition of production in economics?

A. the creation of services
B. the making of goods
C. the output of goods to satisfy people's wants
D. the output of goods and services to satisfy people's wants [1]

10. Which of the following is **not** a natural resource?

A. cows on the farm
B. docks on the seashore
C. grouper in the ocean
D. oil in the earth's surface [1]

11. What term is used when workers focus on specific tasks?

A. diversification
B. division of labour
C. labour turnover
D. rationalisation [1]

12. If the total cost for producing 20 motorcycles is \$120,000 and the fixed cost for one motorcycle is \$3,000, calculate the total variable cost.

A. \$40
B. \$4,000
C. \$117,000
D. \$123,000 [1]

13. What is a firm experiencing when it doubles all its factors (land, labour and capital) which doubles its output?

A. constant returns to scale
B. decreasing returns to scale
C. diminishing returns to scale
D. increasing returns to scale [1]

14. Holding liquidity to earn future profits may be best described as which of the following motives?

A. consumption
B. precautionary
C. speculative
D. transactions [1]

15. Tiffany Rolle lost her job at the local Ford Company due to the low level of demand in the economy. What type of unemployment is Tiffany experiencing?

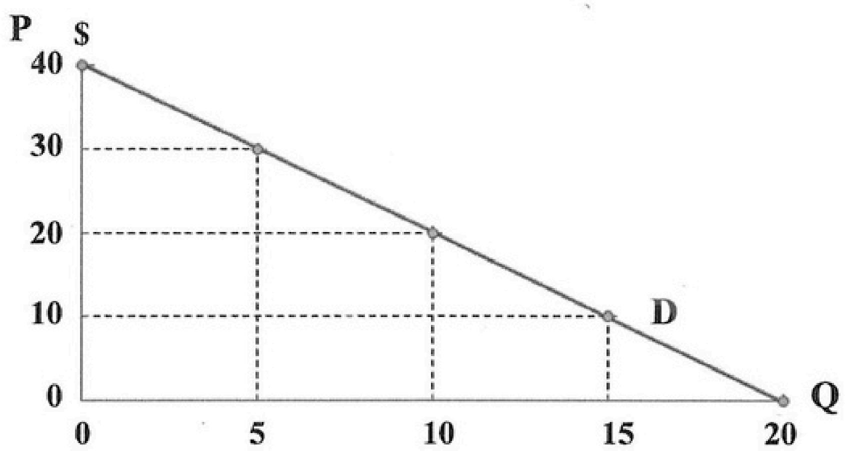
A. Cyclical unemployment
B. Frictional unemployment
C. Seasonal unemployment
D. Structural unemployment [1]

16. What is the best description of inflation?

A. a measure of how much demand for goods and services has increased over a specific period of time
B. a measure of how much prices for goods and services have increased over a specific period of time
C. a measure of how much the cost of production has increased over a specific period of time
D. a measure of how much the money supply has increased over a specific period of time

[1]

17. The diagram below illustrates a consumer's demand curve for a good.

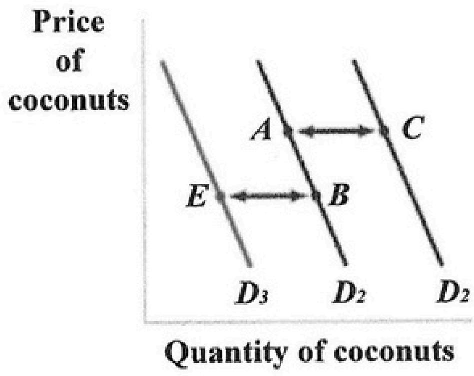


If the price of this good is $30, what quantity will be demanded?

A. 5 units
B. 10 units
C. 15 units
D. 20 units

[1]

18. The diagram below illustrates three possible demand curves for coconuts.



Suppose that coconuts are an inferior good and consumer income decreased. Which of the following movements would represent the effect on demand for coconuts?

A. A to C
B. B to A
C. B to E
D. C to A [1]

19. Price elasticity of demand is defined as the ____________ change in quantity demanded to the ____________ change in price.

A. percentage; percentage
B. percentage; total
C. total; percentage
D. total; total [1]

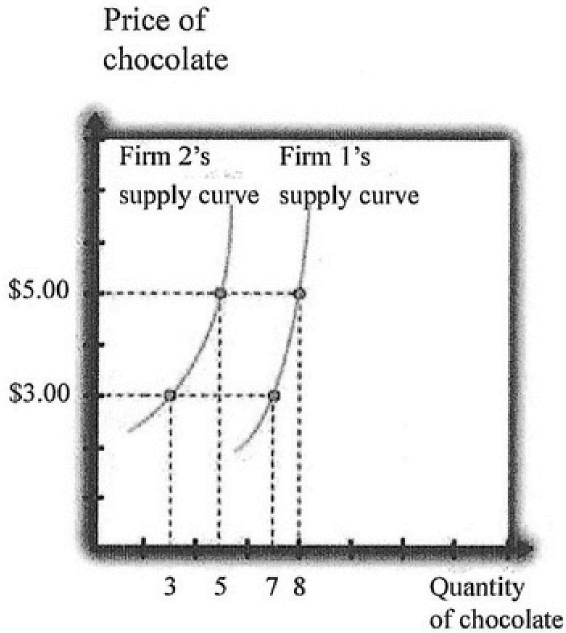
20. The Bahamas government wants to increase taxes on cigarettes to increase tax revenue. This tax would only be effective if the price elasticity of demand is

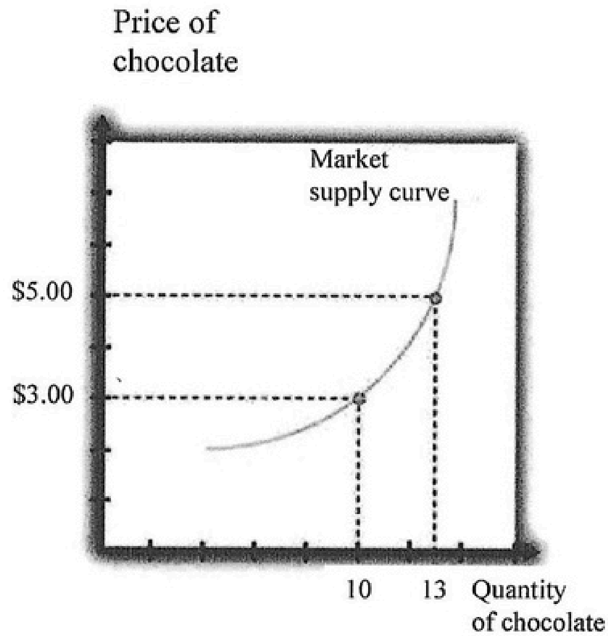
A. elastic
B. inelastic
C. perfectly elastic
D. unitary [1]

21. Which one is **not** a factor influencing supply?

A. advancements in technology
B. amount of firms in the industry
C. an increase in the number of consumers
D. an increase in advertising [1]

22. There are two firms in a market. The diagrams show the individual supply curves for Firms 1 and 2 and the resulting market supply curve.





Which statement is correct if the price rises from \$3 to \$5?

A. Both firms increase supply by the same amount
B. Firm 2 increases supply more than Firm 1
C. Market supply doubles
D. Market supply rises from 3 to 13 [1]

23. If the supply curve of the market moves to the right side, which of these will best explain the shift?

A. increases the cost of raw materials
B. increases in the workers' wage rates
C. use of low-cost production
D. introduction of low cost production techniques [1]

24. When the price for a particular article increases from \$10 to \$12, the quantity supplied increases from 1000 to 1200 units. What is the elasticity of supply for this product?

A. 1
B. 2
C. 3
D. 4 [1]

25. Barter gave way to money. Which of the following is **not** needed to move on from barter?

A. divisibility
B. double coincidence of wants
C. exchange rate
D. uniform goods [1]

26. What is the Gross Domestic Product of a country?

A. a country's ability to employ all of its resources to optimize the production of useful goods and/or services
B. the quantitative term used to describe an increase in the value of a countries output of useful goods
C. the total value of commodities and services produced within a nation during a period of time
D. the total value of goods and services produced nationally whether they are based at home or abroad [1]

27. A non-competitive participant, would like to invest in 91 day Bahamas Government Treasury Bills, at a nominal value of $100,000 at market price and the prevailing market tender price of 99.3598.

What can be deduced from the information?

A. The investment will be inflation-proofed
B. The investment will be more risky than company shares
C. The investment will cost the investor $ 99,359.80
D. The investment will cost the investor $ 100,000 [1]

28. In economics, a country's attempt to completely ban a specific import is known as

A. drawback
B. embargo
C. exchange control
D. subsidy [1]

29. Jason went on holiday to Australia. He exchanged £275 into Australian dollars ($). The exchange rate was £1=$1.26. How much Australian dollars has Jason received?

A. $218.25
B. $245.81
C. $275.00
D. $346.50 [1]

30. The following details are taken from a country's balance of payments:

	$million
Balance on current account	-3,500
Balance on capital transactions	+2,000
Borrowing from IMF and other sources	+2,500

What happened to the country's foreign currency reserves during this year?

A. They decreased by $500 million.
B. They increased by $500 million.
C. They increased by $1000.
D. They remained unchanged. [1]

TOTAL MARKS [30]

SECTION B – 10 marks
MATCHING

31. Match the terms labelled **1 – 10** with their appropriate meaning by placing the correct letter **A – J** in the space provided.

PART I

TERM	MEANING
1. _______ Robotisation	A. A new technique allowing a given output to be made with fewer inputs than before
2. _______ Communication	B. The process of completing tasks with the use of machinery
3. _______ Automation	C. The introduction of control of machines by self-operating computers
4. _______ Mechanisation	D. The process by which labour control of machines is minimised
5. _______ Technical Progress	E. The exchange of information within a firm

PART II

TERM	MEANING
6. _______ Wholesale Price Index	F. This price index recognises the importance of a particular item by multiplying the commodity by its weight
7. _______ Consumer Price Index	G. The reduction in the supply of useful goods and services; when producers increase prices due to an increase in the cost of the factors of production
8. _______ Cost Push Inflation	H. The price index that identifies changes in producers' costs
9. _______ Inflation	I. This price index is determined by measuring the average change of the price of a "market basket" of goods or services paid by urban consumers
10. _______ Weighted Price Index	J. A situation where the value of money is falling; this is where prices on average are increasing

TOTAL MARKS [10]

SECTION C – 10 marks
TRUE/FALSE

32. The following statements are either **TRUE** or **FALSE. Circle** the letter that best describes each statement. One mark will be awarded for each correct answer.

STATEMENT	TRUE	FALSE
1. The economic problem of individuals, businesses and government can be summarised by unlimited wants and scarce resources that leads to making calculating choices.	T	F
2. The Consumer Affairs Division is mandated to enforce and monitor one primary piece of legislation; it focuses on service to the community	T	F
3. A corporation is established through the memorandum of association; it is a written application to the government seeking permission to form a corporation	T	F
4. It is possible for a small firm to achieve very great technical economies of scale	T	F
5. The working population of The Bahamas consists of those who are employed plus those registered as unemployed	T	F
6. The Central Bank has a cash ratio of 8% for each $1 of cash it holds, if the cash in the banking system rose by $4 million, total bank deposits could be increased by $50 million	T	F
7. Jessie Bain has a credit card from Bank of Nassau. Interest is charged at 18%. His total amount due is $70, therefore interest charged is $1.26	T	F
8. The Bahamas earns most of its revenue from agriculture and fisheries	T	F
9. A country with comparative advantage in producing wine will import more wine into the country	T	F
10. One main advantage of multinational companies is the creation of more jobs	T	F

TOTAL MARKS [10]

SECTION D – 50 Marks
STRUCTURED QUESTIONS

Instructions: Answer all questions in the spaces provided.

33. ***(The Hon. Brave Davis)*** *... further stated: "Here in The Bahamas, we are making unprecedented investments in food production and food security in the form of climate, land, and research grants, and the provision of infrastructural support through packing houses, abattoirs, and other publicly funded facilities.*
"We also have plans to drive a domestic take-over of egg production with long-term goals of targeting the lucrative poultry market."

EYEWITNESS NEWS
PM: Government making "unprecedented" investments in food production and food security
October 11 2023
Natario McKenzie

(a) Based on the information obtained from the passage, explain one division of production mentioned, providing an example.

____

____

____

____ [2]

(b) The Bahamian government is making unprecedented (never before seen) investments in the market. Some economists suggest the creation of a more competitive market.

(i) Identify **TWO** features of a competitive market.

FEATURE 1 ____

____

FEATURE 2 ____

____ [2]

(ii) Explain the advantage of a competitive market over a market controlled by one firm.

____

____

____ [3]

(c) Discuss **TWO** ways that a firm can reduce average cost to obtain ***optimum size***.

[4]

(d) Assume that a firm selling eggs lowered the price of eggs from $4 to $3. Its sales increased from 100 to 150 cartons. Calculate the price elasticity of demand for eggs.

Show **ALL** working.

[6]

(e) The Bahamas government's goal is sustainable development. Discuss whether large scale government investment is likely to achieve sustainable development. Consider **FOUR** influences.

[8]

TOTAL MARKS [25]

34. *Economic and social conditions are considered when choosing a profession and should be considered when seeking employment in the job market. An individual's goal is to acquire a job that provides the most wealth to cover the cost of living and wants.*

(a) Define the term wealth.

____

____

____ [2]

(b) List **TWO** forms of wealth.

____

____ [2]

(c) Differentiate between wages and salaries.

____

____

____

____

____

____ [4]

(d) An individual's choice is influenced by two factors: wage factors and non - wage factors. Explain the **TWO** terms providing an example of each.

TERM AND EXAMPLE 1

____

____

____

TERM AND EXAMPLE 2

____

____

____ [4]

(e) Study the table below and answer the following questions.

2022 Monthly Fiscal Summary Report Released August 2022 (BSD 000)

Tax Revenue	**B$**	**Non Tax Revenue**	**B$**
Value Added Tax	94.5	Sales of goods and services	18.9
International Trade Taxes	51.6	Non Tax Revenue	3.1
Other taxes on goods and services	29.8		
Property Taxes	8.6		
Total Tax Revenue		***Total Non-Tax Revenue***	

Source: Bahamas Government Website

(i) Calculate the total for Tax Revenue and Non Tax Revenue.

____

____ [2]

(ii) Identify the item of revenue that raises the largest amount and calculate its percentage of combined tax and non-tax revenue.

____

____

____

____ [3]

(f) Explain **TWO** policies the government can implement to help increase the demand for jobs and goods and services.

[8]

TOTAL MARKS [25]

End]