

BAMENDA ARCHDIOCESAN EXAMINATION BOARD (BAEBOC)
MOCK G.C.E. EXAMINATION

MARCH 2023

ADVANCED LEVEL

Subject Title	ECONOMICS
Paper Number	PAPER 3
Subject Code	0725

Time: THREE HOURS

INSTRUCTIONS TO CANDIDATES

Answer any three questions. You are reminded of the necessity for good English and orderly presentation in your answers.

Non programmable calculators are allowed

In calculations, show the steps in your working.

TURN OVER

QUESTION ONE

Extract

"The types of business organizations in a mixed economic system, ranges from the sole proprietorship with a very small amount of capital to partnership, cooperative societies, private and public companies to very extensive, public and multinational corporations. Some of them are incorporated, some are unincorporated, some are out to make profits, some are not out to make profit, some are privatized and some are nationalized. >>

Source: Adapted

- a) Give an example each of an;
- i) Unincorporated business unit. 1mk
 - ii) Incorporated business unit. 1mk
- b) Give two differences between a private and a public company. 4mks
- c) State
- i) 3 principles of a cooperative society 3mks
 - ii) 3 characteristics of public enterprise 3mks
- d) Identify
- i) Two public corporations that have been privatized in Cameroon and their privatized names. 4mks
 - ii) Two multinational corporations operating in Cameroon. 2mks
- e) State two advantages of multinational corporations to the host country. 2mks

QUESTION TWO

Extract

"The demand for houses slopes downwards to the right. It is relatively inelastic as there are not many close substitutes. This factor is likely to outweigh the significance of housing as taking up a very large proportion of consumers entire budget. The supply of new house is relatively inelastic and the supply curve slopes upwards to the right, demonstrating that it is not always easy for producers to quickly change output in response to changes in demand and price ----- in this case when the price of houses is 80MCFA and the quantity of houses supplied and demanded is 100houses, it is called the equilibrium price. For some reason the government reduced the price of houses to 50MCFA and quantity demand rises to 120houses while quantity supplied falls to 90houses.

Source: Economics by Susan Grant and Chris Vidler pg. 28.

- a) State
- i) Any two theories that explains the shape of a normal demand curve. 2mks
 - ii) Any two circumstances under which demand will be abnormal. 2mks
- b) State 2 factors each that will cause;
- i) Demand to be inelastic. 4mks
 - ii) Supply to be elastic. 4mks
- c) i) What economic concepts is described by the underlined phrase. 2mks
ii) State two negative consequences of the concept identified in C (i) above. 2mks
- d) Give two reasons why the prices of agricultural products fluctuate more widely than prices of manufactured products. 4mks

QUESTION THREE

Extract

"The market forces of demand and supply play a key role in determining relative wages. The wage rate of a group of workers will rise if either demand for their services increases or supply decreases ----- The level of demand and their supply and their elasticities determine not only the level of wage rates but also the proportion of wages which consist of Economic rent and the proportion which consist of transfer Earnings ----- labor organizations seek to promote the interest of their members, probably their best known function is to negotiate pay and conditions of employment with the employer"

Source; Economic by Susau Grant and Chris Vidler page (187+195)

Briefly define

- a) i) Economic rent. 2mk
 ii) Transfer Earnings. 2mks
 b) State 4 reasons why two teachers may earn different wages. 4mks
 c) I) give another name for the underlined phrase.. 1mk
 II) State two ways by which the employer can weaken the power of a labour organizations. 4mks
 III) State 3 basis or justifications of higher wages claims by labour organizations 3mks.
 d) Identify any 4 methods of wage determination 4mks.

QUESTION FOUR

The table below shows the expenditure pattern for an average family in Bamenda town.

Items	Weight	Year 1 price	Year 2 price
Beans	5	10,000	15,000
Yams	2	400	500
Bread	11	2200	2400
Beer	4	8000	10,00
Rice	8	1600	1800

- a) Given that year 1 is the base year, calculate the price index for year 2 (6mks)
 b) If this family had a monthly income of 200,000FCFA in year 1, how much will they be expected to earn in year 2 to maintain their standard of living. (6mks)
 c) State 4 problems of the price index. (4mks)
 d) State 4 uses of the price index. (4mks)

QUESTION FIVE

Year	Population (million)	GNP (million)	Price index	GNP per capita	Real GNP	Real GNP per capita
1	5	100	80			
2	6	1500	150			
3	10	1800	90			
4	12	2100	120			
5	20	2500	160			

- a) i) Complete the table above. 6mks
 ii) In which year did this country experience the highest standards of living? Why? 2mks
 b) Apart from the determinants used in a(ii) above, state 4 other determinants of standard of living. 4mks
 c) State 4 factors that can cause an increase in the size of the national income of a country. 4mks
 d) State 2 circumstances under which an increase in national income will instead lead to fall in standard of living. 4mks

Handwritten calculations for Question 5a(ii):
 Year 1: $\frac{100}{5} = 20$
 Year 2: $\frac{1500}{6} = 250$
 Year 3: $\frac{1800}{10} = 180$
 Year 4: $\frac{2100}{12} = 175$
 Year 5: $\frac{2500}{20} = 125$