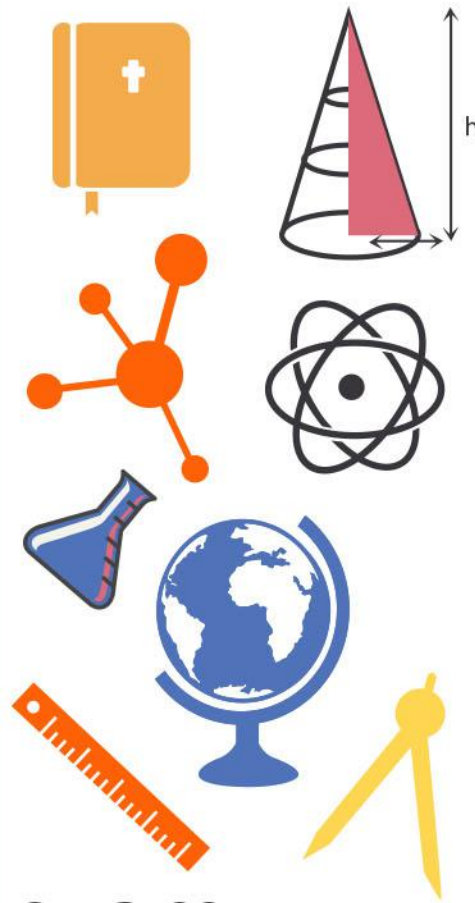
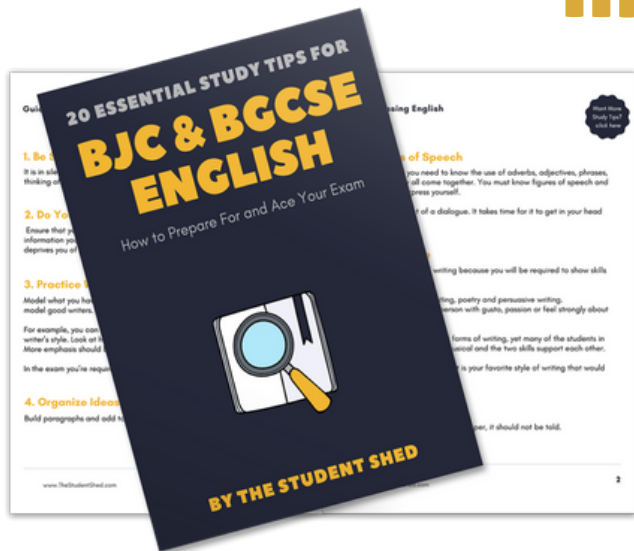


student **BGCSE** exam
Past Paper Booklet
Economics

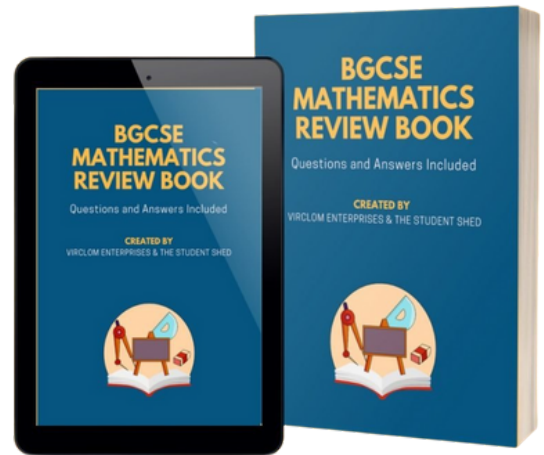


More resources you might like...



Free BJC & BGCSE English Study Tips

[LEARN MORE](#)



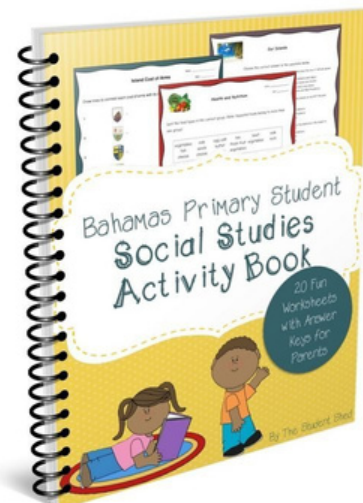
Free Math Q & A Review Book

[LEARN MORE](#)



Free Homeschool Workshop

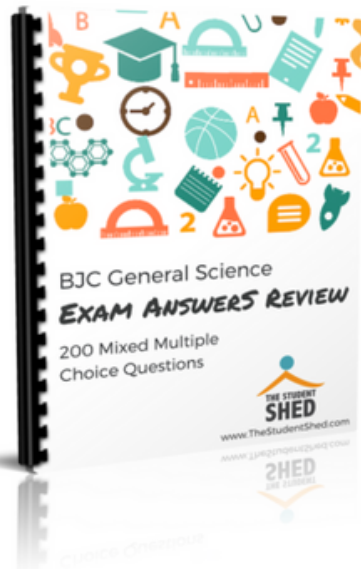
[LEARN MORE](#)



Free Primary Social Studies Activity Book

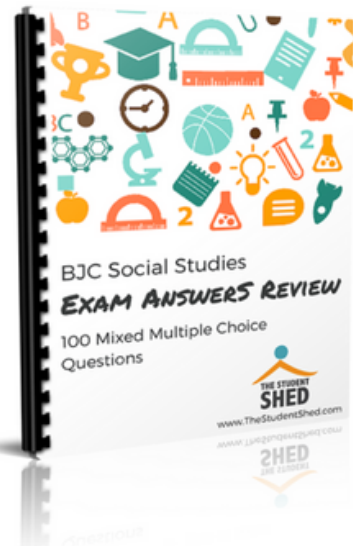
[LEARN MORE](#)

More resources you might like...



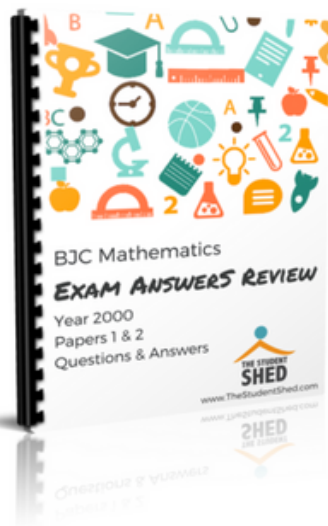
BJC General Science Answer Book (MCQ)

[LEARN MORE](#)



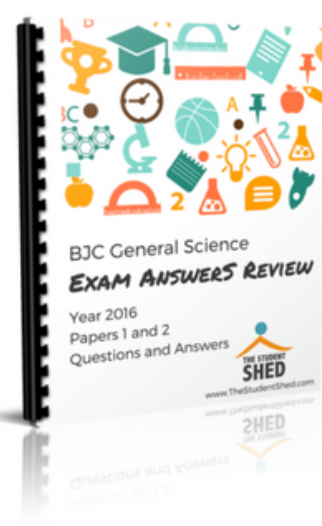
BJC Social Studies Answer Book

[LEARN MORE](#)



BJC Mathematics Answer Book

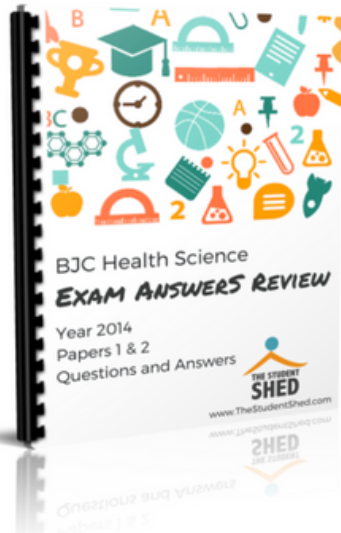
[LEARN MORE](#)



BJC General Science Answer Book

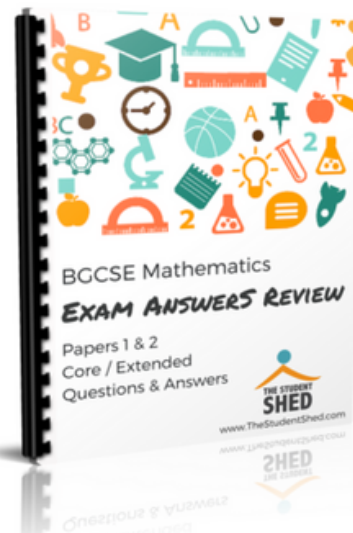
[LEARN MORE](#)

More resources you might like...



BJC Health Science Answer Book

[LEARN MORE](#)



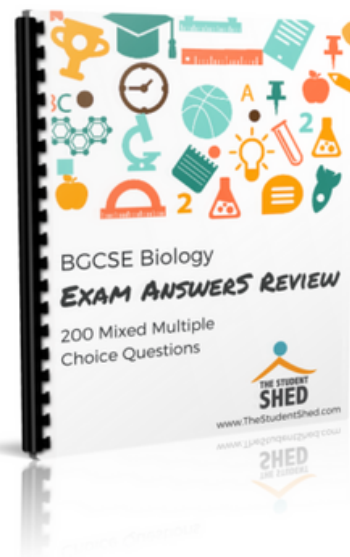
BGCSE Mathematics Answer Book

[LEARN MORE](#)



BGCSE Combined Science Answer Book

[LEARN MORE](#)



BGCSE Biology Answer Book

[LEARN MORE](#)

School Number	Candidate Number
Surname and Initials	

ECONOMICS

PAPER 1 2030/1

Thursday **25 MAY 2023** 1:00 P.M. – 3:00 P.M.

Additional materials:
Graph Paper

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.

Firmly attach the graph paper to the answer booklet.

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 15 printed pages and 1 blank page.

SECTION A – 30 marks
Multiple Choice Questions 1 – 30

Instructions: Read each question carefully. Answer **ALL** questions. Choose the **ONE** answer that is correct. Circle the letter in the booklet. There is **ONLY ONE** correct answer.

1. What is an essential feature of the economic problem?

A. limited wants
B. luxury goods
C. monopoly
D. scarce resources [1]

2. Each *Factor of Production* has rewards, which rewards match land, labour, capital and enterprise (in order)?

A. interest, wages, profit, rent
B. interest, wages, rent, profit
C. rent, wages, interest, profit
D. rent, wages, profit, interest [1]

3. In which type of economy would only private individuals decide the supply, demand and price of products?

A. command economy
B. market economy
C. mixed economy
D. subsistence economy [1]

4. Which of the following situations is **not** a role of the consumer?

A. buying capital equipment
B. getting a bank loan for a car
C. purchasing a conch snack from Bamba's Snack Place
D. setting money aside for college [1]

5. In which of the following industries found in The Bahamas do Cooperatives play an important role?

A. agriculture
B. financial
C. manufacturing
D. tourism [1]



6. Which of the following documents is compulsory for the incorporation of a company?
- A. Business Cycle
 - B. Declarations
 - C. Memorandum of Association
 - D. Prospectus
- [1]
7. What is the process of transferring ownership from the public sector to the private sector called?
- A. industrialization
 - B. nationalization
 - C. planned economies
 - D. privatization
- [1]
8. Scotto Bank and Commonwreath Bank agree to merge. What type of merger occurs in this instance?
- A. horizontal
 - B. lateral
 - C. vertical backward
 - D. vertical forward
- [1]
9. Which of the following is **not** an internal economy of scale for a major medical facility?
- A. hospital is able to obtain funding from a number of sources
 - B. team of medical specialists for each department
 - C. trained medical professionals are available locally
 - D. various departments available to provide services to patients
- [1]
10. What is the definition for division of labour?
- A. condition in which one has to work to earn a living
 - B. labourer becoming an expert in a particular craft or skill
 - C. production of more goods and services in a shorter time
 - D. the breaking down of work into smaller units
- [1]
11. Which of the following factors does **not** influence the *location* of industry?
- A. a national minimum wage
 - B. availability to land
 - C. economies of concentration
 - D. good transport links
- [1]

[Turn over]



12. What would **not** be a reason for a government to seek to influence the location of industry?
- A. to increase average incomes
 - B. to lower employment levels
 - C. to reduce income inequality
 - D. to stop outward migration
- [1]
13. Which of the following does **not** make up the structure of the population?
- A. age
 - B. education
 - C. occupation
 - D. sex
- [1]
14. What is **not** a method used by Trade Unions to influence the supply of labour?
- A. demarcation dispute
 - B. calling a strike
 - C. operation of closed shops
 - D. lock-outs
- [1]
15. The current Retail Price Index is 142 and last year the Retail Price Index was 100. What is the Rate of Inflation for this year?
- A. 1.42%
 - B. 42%
 - C. 100%
 - D. 142%
- [1]
16. If the price for product X rises, what will happen to the demand for product Y, a substitute?
- A. Demand for product Y will be zero.
 - B. Demand for product Y will decrease.
 - C. Demand for product Y will increase.
 - D. Demand for product Y will remain constant.
- [1]
17. What *type of elasticity of demand* shows the responsiveness of demand for product 'X' to changes in the price of product 'Y'?
- A. advertising elasticity of demand
 - B. cross-elasticity of demand
 - C. income elasticity of demand
 - D. price elasticity of demand
- [1]



18. If demand is *perfectly inelastic*, what happens to Total Revenue if there is a fall in price?
- A. becomes zero
 - B. decrease
 - C. increase
 - D. no change
- [1]
19. What is supply?
- A. The existing stock of goods available for sale.
 - B. The quantity of a commodity that manufacturers are willing and able to produce at any given price over a given period of time.
 - C. The wish to provide goods or services at any given price whether consumers want to buy or not.
 - D. The wish to produce goods or services at any given price if profits are to be maximised.
- [1]
20. Which food is likely to have the greatest price elasticity of supply?
- A. canned peaches
 - B. chicken leg quarters
 - C. fresh vegetables
 - D. local eggs
- [1]
21. Which of these is the largest component of the M1 money supply?
- A. currency
 - B. demand deposits
 - C. money market accounts
 - D. savings accounts
- [1]
22. In terms of economic growth, which of the following will *most* likely result in loss of jobs?
- A. additional stock of current capital
 - B. greater productivity of labour
 - C. increases in technological advances
 - D. mobility of labour
- [1]



Question 23 refers to Figure 1.1 below.

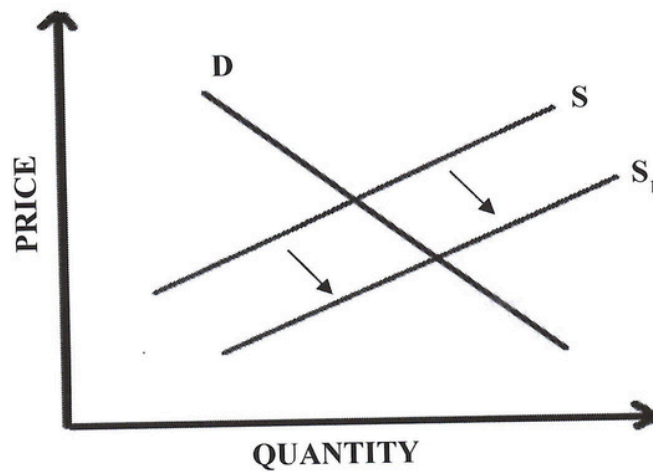


Figure 1.1

23. What does the diagram Figure 1.1 represent?

- A. change in the conditions of demand
- B. change in the conditions of supply
- C. contraction of demand
- D. extension of supply

[1]

24. Which is **not** a characteristic of the Capital Market?

- A. arranges short-term loans
- B. issues shares and debentures
- C. links between borrowers and lenders
- D. regulated by government regulations

[1]

25. Which tax in The Bahamas is considered to be *regressive*?

- A. Customs Duties
- B. Real Property Tax
- C. Value Added Tax
- D. Income Tax

[1]

26. What term is used when Government *Expenditure* exceeds Government *Revenue*?

- A. Balanced Budget
- B. Budget Deficit
- C. Budget Surplus
- D. Excess Budget

[1]



27. During the pandemic many businesses were closed, unemployment was high and the economy was in a slump. What type of unemployment would have been present?
- A. cyclical unemployment
 - B. frictional unemployment
 - C. structural unemployment
 - D. technological unemployment
- [1]
28. What is indicated if *Nation X* can produce greater quantities of a good than *Nation Y* with the same amount of resources?
- A. *Nation X* has an absolute advantage but a comparative disadvantage in producing that good.
 - B. *Nation X* has an absolute advantage in producing that good.
 - C. *Nation X* has an absolute disadvantage in producing other goods, but a comparative advantage in producing that good.
 - D. *Nation X* has a comparative advantage in producing that good.
- [1]
29. How would it be recorded in The Bahamas' Balance of Payments Account if there was a purchase of a United States company by a Bahamian business?
- A. credit in the Current Account
 - B. debit in the Current Account
 - C. credit in the Capital Account
 - D. debit in the Capital Account
- [1]
30. Which *best* describes a multinational company?
- A. company that conducts operations in several countries
 - B. company whose product is a household name and is sold across the globe
 - C. company with owners from different countries
 - D. company with sale production rights in at least two countries
- [1]

TOTAL MARKS [30]



[Turn over

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. _____ Financial Economies of Scale	A. These advantages arise from the growth in the size of the industry.
2. _____ Risk Bearing Economies of Scale	B. These advantages arise as a result of the firm increasing in size.
3. _____ Technological Economies of Scale	C. Sources for borrowing become more accessible as business operations get more profitable.
4. _____ External Economies of Scale	D. Increases in productivity occur as a result of acquiring more machines and equipment.
5. _____ Internal Economies of Scale	E. Large producers being able to obtain their supplies of raw materials from numerous sources.

PART II

TERM	MEANING
6. _____ Central Bank	F. Organization for trading company shares and government bonds.
7. _____ Commercial Banks	G. Bank that specialises in wholesale banking; managing large deposits and bank loans both locally and internationally.
8. _____ Stock Exchange	H. Government entity which collects financial contributions from the self-employed, employed and employers for payback upon retirement.
9. _____ Merchant Banks	I. A state-owned bank that runs monetary policy independently of the government.
10. _____ Pension Funds	J. Public limited company that has been formed to make a profit for its shareholders.

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
(a) Utility is best described as satisfaction derived from using a good.	T	F
(b) The abbreviation URCA stands for Utilities Resources Competent Authority.	T	F
(c) One of the advantages of Privatization is improved efficiency.	T	F
(d) If the number of units is 5 and the total cost of the item is \$25, the average cost is \$5.	T	F
(e) Fixed costs are equivalent to overhead costs because in the short run, they do not change.	T	F
(f) The Trade Union Advisory refers to the central body of the trade union movement; they represent the voice of many trade union members.	T	F
(g) The demand for the commodities produced by an employer is known as derived demand.	T	F
(h) Market mechanism is a system that determines the price of commodities that are influenced by demand and supply.	T	F
(i) When calculating GDP, only the value added at each stage of production is counted.	T	F
(j) Foreign exchange is money used to carry out international transactions.	T	F

TOTAL MARKS [10]



[Turn over

SECTION D – 50 Marks
STRUCTURED QUESTIONS

Instructions: Answer all questions in the spaces provided.

33. *Most of the large firms that exist today started as a small business and have grown. Many of today's small firms are tomorrow's big businesses. Businesses grow and expand for a variety of reasons. Expansion will only take place, however, if the business can benefit and make extra profits.*

- (a) List the **three motives** for growth.

MOTIVE 1

[1]

MOTIVE 2

[1]

MOTIVE 3

[1]

- (b) Explain **two benefits** to consumers of vertical integration *backwards*.

BENEFIT 1

[2]



BENEFIT 2

[2]

- (c) The Sea Grass Company Limited declared a dividend of 2.5% on the ordinary shares with a face value of \$10 per share. The market value of these shares is \$13.

Calculate the *yield* on shares. Show working in the space below.

[4]

- (d) Explain **two drawbacks** a small firm may encounter.

DRAWBACK 1

[2]

DRAWBACK 2

[2]



- (e) Classify the Factors below that influence location of firms and industry, as either **NATURAL** or **ACQUIRED** advantages. Write responses in the appropriate column of Table 1 below.

Transport Raw Materials Labour Availability of Land

NATURAL ADVANTAGE	ACQUIRED ADVANTAGE

Table 1

[4]

- (f) Analyse **two policies** that a government might put in place to influence location of firms and industry.

POLICY 1

[3]

POLICY 2

[3]



TOTAL MARKS [25]

34. *The Sales & Marketing Manager of a prominent wholesaler, in an interview said: “Everyone is hoping there is a turnaround in 2022 but right now, from what I am seeing and hearing from the manufacturers, it’s looking more like 2023 to 2024.*

“We thought it was bad last year but it has certainly gotten worse. There will undoubtedly be some empty shelves due to the inability to source certain products or get them in a reasonable time.”

“There are challenges with shipping and manufacturing of some of the products that we carry. There are shortages to some extent because the pandemic has resulted in a shutdown of a number of manufacturing plants.”

Natario McKenzie
19th & 20th October 2021

- (a) Define the term *demand*.

[1]

- (b) Explain **two** factors that determine demand for a good or a service.

FACTOR 1

[2]

FACTOR 2

[2]

- (c) Describe the *Law of Supply*.

[3]



[Turn over

- (d) Identify **two** factors that can *change* the conditions of supply.

FACTOR 1

[1]

FACTOR 2

[1]

- (e) Identify **two** of the reasons for the shortages mentioned in the passage and explain how *each* reason affects the supply of goods manufactured and distributed in The Bahamas.

REASON 1

[1]

EXPLANATION

[2]

REASON 2

[1]

EXPLANATION

[2]



- (f) Table 2.2 below shows the demand and supply schedule for a commodity in a free market.

PRICE \$	QUANTITY DEMANDED	QUANTITY SUPPLIED
10	60	200
9	80	180
8	100	150
7	130	130
6	160	80
5	180	60

Table 2.2

- (i) Plot the information for the demand and supply curves on a graph. [3]
- (ii) State the equilibrium price and quantity demanded and supplied at equilibrium.

EQUILIBRIUM PRICE

[1]

QUANTITY DEMANDED & QUANTITY SUPPLIED AT EQUILIBRIUM

[1]

- (iii) Using horizontal lines, mark a distance showing an **Excess Demand** and a distance showing an **Excess Supply** on the graph. [2]
- (iv) Say whether there is an **Excess Demand** or **Excess Supply** at \$6.

[1]

- (v) Calculate the number of units in excess in the space below.

[1]

TOTAL MARKS [25]



End]

BLANK PAGE



BLANK PAGE



School Number	Candidate Number
Surname and Initials	

ECONOMICS

Paper 2 2030/2

Monday **5 JUNE 2023** 12:30 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 and on any additional sheets used (graph paper).

Part I consists of **THREE** questions. Candidates must attempt **ALL** questions.

Part II consists of **FIVE** questions. Candidates must choose **ONLY TWO** questions to answer.

Calculators are allowed.

ALL your answers must be written in INK.

FOR EXAMINER'S USE ONLY	
Part I: QUESTIONS 1 – 3 MUST BE ANSWERED	
Question 1	
Question 2	
Question 3	
Part II: ONLY TWO OF FIVE TO BE ANSWERED	
Question 4	
Question 5	
Question 6	
Question 7	
Question 8	
Total Marks 100	



This question paper consists of 23 printed pages and 1 blank page.

Part I – 60 Marks

DIRECTIONS: Candidates must attempt **ALL** questions in this Part.

1. *International Trade is the exchange of goods and services between countries. Trading globally gives consumers and countries the opportunity to buy goods and services not available in their own country or that are more expensive domestically. International trade is part of the free market economic system that allows the natural laws of supply and demand to function properly.*

- (a) Specialization has allowed countries to cross international borders to facilitate trade.

Examine **two advantages** by which countries gain from trade.

MEANS 1

[2]

MEANS 2

[2]

- (b) Specialization allows countries to trade internationally using comparative advantage.

Explain the term **Comparative Advantage** and say why it is beneficial to a country.

EXPLANATION

[2]

WHY BENEFICIAL

[2]



- (c) Identify **two disadvantages** of the market economy.

DISADVANTAGE 1

[1]

DISADVANTAGE 2

[1]

- (d) *Exchange Rates* are the price of one currency in terms of another.
The exchange rate of the British pound to the Bahamian (BAH) dollar is \$1.00 = £0.74.

Calculate the amount that a person in The Bahamas will pay in British pounds for a British car costing BAH \$20 000. The bank charges \$6.50 Service Fee and VAT is 10%. Show your working in the space below.

[4]

- (e) Suggest **two reasons** why countries place restrictions on trade.

REASON 1

[3]

[Turn over

REASON 2

[3]

TOTAL MARKS [20]

2. *The labour market changes over time due to population growth, advances in technology, and business trends.*

*Introduction to Business:
Our Business and Economic World
Betty Brown & John Clow
1997*

- (a) Define the term '*division of labour*'.

[2]

- (b) List **one advantage** and **one disadvantage** associated with division of labour.

ADVANTAGE

[1]

DISADVANTAGE

[1]

- (c) Give **two** possible forces that may influence an individual's choice of occupation.

INFLUENCE 1

[1]



INFLUENCE 2

[1]

- (d) The national minimum wage in The Bahamas is \$5.25 per hour. Use the information given below to answer the questions that follow.
- (i) An individual works on minimum wages for a 40-hour work week for **four (4)** weeks; calculate this person's earnings for **one (1)** month in the space below.

[2]

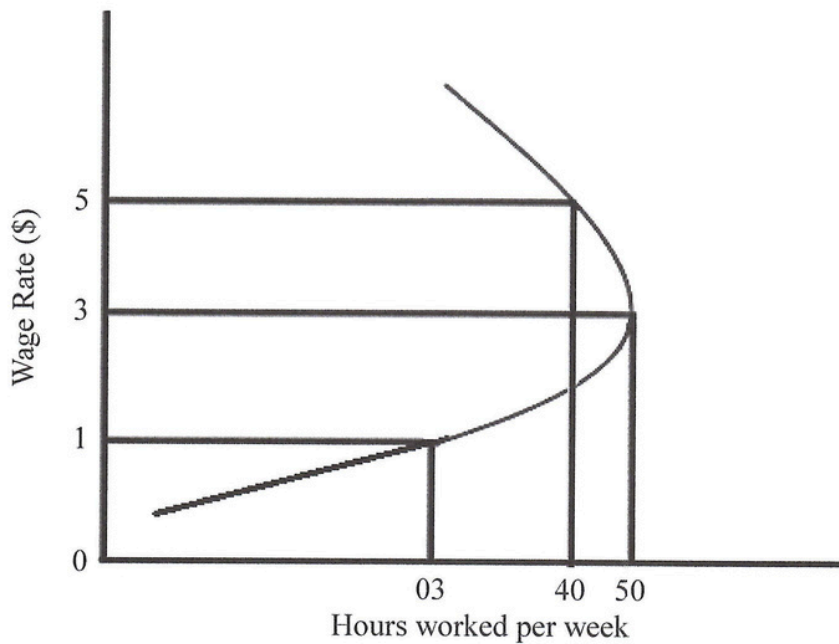


Figure 2.2

- (ii) Describe the shape of the supply curve in Figure 2.2.

[1]

[Turn over]

- (iii) Suggest **one** factor that might have influenced this supply of labour.

[1]

- (iv) Explain what happens when the hourly wage rate exceeds \$3.

[3]

- (e) The total amount levied on National Insurance Contributions for all Employed persons is 9.8%.

Based on your answer in question (d) (i) above:

- (i) Determine, in the space below, the individual worker's National Insurance Contribution if he is required to pay at a rate of 3.9%.

[2]

- (ii) Calculate, in the space below, his take home pay after NIB deductions.

[2]

- (iii) Calculate, in the space below, the amount the employer will have to pay in NIB contributions.

[3]

TOTAL MARKS [20]



3. *A real world economy is not a closed system; in various ways income is both leaked out and injected into the system and it does not consist solely of households and firms – there is also a government sector and a foreign trade sector*

Starting Economics – G. F. Stanlake 2006

- (a) Economies are driven by factors of production and each factor has a *reward*.

State the *rewards* received by households for the services of factors of production.

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____ [4]

- (b) Distinguish between *households* and *firms*.

HOUSEHOLDS

_____ [2]

FIRMS

_____ [2]

- (c) Define the term '**Gross Domestic Product**' (**GDP**).

[2]

- (d) Consider the existence of a closed economy that only has three goods and services and an economy that produces only consumption, investment and government spending, but no net exports.

In 2022, the economy produced the following:

Three manicures that cost \$15 each

Two massage tables that cost \$150 each

One city water pump repair that cost \$600

- (i) Calculate the **total GDP** for this economy in the space below.

[1]

- (ii) Determine the percentage amount of **GDP** that is represented by *each* of the following, showing calculations in the space provided.

INVESTMENT

[1]

GOVERNMENT SPENDING

[1]

CONSUMPTION

[1]



- (e) Identify and discuss **three** *Expansionary Fiscal Policies* that the government may use to help to raise the Gross Domestic Product of The Bahamas.

POLICY 1

[2]

POLICY 2

[2]

POLICY 3

[2]

TOTAL MARKS [20]



PART II – 40 Marks

Instructions: You are to answer **ALL** parts of **ANY TWO** questions from this section.

4. *A firm or business is usually set up to make a profit. Firms can be classified as either large or small. According to Business News Daily, a small business must fall within the size standard of the largest size a business may be to remain classified as small within its industry. Though size standards vary by industry, they are usually measured by the number of employees or the average annual money earned. In most instances firms start off small and then grow in size, to become large firms.*

- (a) State **two** measurements used to determine the size of a firm.

MEASUREMENT 1

_____ [1]

MEASUREMENT 2

_____ [1]

- (b) State and explain **two reasons** why firms grow.

REASON 1

_____ [2]

REASON 2

_____ [2]



- (c) Distinguish between *conglomerate* and *horizontal mergers*.

CONGLOMERATES

 [2]

HORIZONTAL MERGERS

 [2]

- (d) Use the figures in Table 2.4 below to calculate the *Percentage Change* in the *size* of the firm and the percentage change in *output*. Write responses in the Table.

Size of the Firm (Units of Factors Employed)

SIZE OF FIRM (UNITS) OF FACTORS EMPLOYED			PERCENTAGE CHANGE IN SIZE OF FIRM	ANNUAL OUTPUT	PERCENTAGE CHANGE IN OUTPUT
LAND	LABOUR	CAPITAL	–	–	–
2	4	6	–	200	–
3	6	9		250	
4	8	12		300	

Table 2.4

[4]

- (e) Some businesses operate on a large scale while others decide to remain small. Explain **two advantages** and **one disadvantage** of large firms.

ADVANTAGE 1

 [2]


[Turn over

ADVANTAGE 2

[2]

DISADVANTAGE

[2]

TOTAL MARKS [20]

5. *The working-age population is a central concept in labour statistics.*

**International Labour Organization
Population and Labour Force
1996–2020 International Labour Organization**

- (a) State the *working-age* range in The Bahamas.

[2]

- (b) Explain **two** factors that can change the size of the working-age population.

FACTOR 1

[2]



FACTOR 2

[2]

- (c) **Table 2.5** below shows the projected population of The Bahamas.

**Key Demographic Indicators
Projected Population (Medium Series): 2025
Components of Population Growth**

TABLE 2.5 **ALL BAHAMAS**

Demographic Indicators	PROJECTIONS
	2025
Total Population ('000)	408.93
Average Annual Growth Rate	?
No. of Births	6 260
Crude Birth Rate	?
No. of Deaths	2 800
Crude Death Rate	?
Natural Increase	3 460
Natural Increase Rate	?
Total Immigrants	300

Calculate:

- (i) the **Birth Rate** for the year **2025**. Show your working in the space below.
- (ii) the **Death Rate** for the year **2025**. Show your working in the space below.

[2]

[Turn over

- (iii) the *Total Population* for the projected year **2025**. Show your working in the space below.

[2]

- (d) The labour market is a vital contributor to the economic growth of The Bahamas.

Examine **two** government policies that can be used to reduce unemployment.

POLICY 1

[2]

POLICY 2

[2]

- (e) Inflation refers to a general increase in prices and a fall in the purchasing power of money.

Identify and explain how **two sectors** of society may actually **benefit** from inflation.

SECTOR 1

[1]

EXPLANATION

[2]



SECTOR 2

[1]

EXPLANATION

[2]

TOTAL MARKS [20]

6. *The Water and Sewerage Corporation (WSC) and Bahamas Power and Light (BPL) are the largest public corporations in The Bahamas.*

*Bahamas Country Commercial Guide
Bahamas – Competition from state-Owned Enterprises*

- (a) Explain the term *public corporation*.

[2]

- (b) State **two** main *aims* of a public corporation.

AIM 1

[2]

AIM 2

[2]

[Turn over

- (c) Differentiate between the term *Nationalization* and *Privatization*.

NATIONALIZATION

[2]

PRIVATIZATION

[2]

- (d) Businesses today, whether they are nationalized or privatized utilize various financial institutions; one example of a financial institution in The Bahamas is a Commercial bank.

Assuming that this bank has issued shares to the general public, this company's Share Capital is as follows:

750 000 5% \$1 Preference Shares 1 000 000 \$2 Ordinary Shares

Calculate:

- (i) Total company Capital

[2]

- (ii) The company makes a profit of \$100 000 available for distribution. Calculate dividends to be distributed to shareholders in the space below:

- Preference Shareholders



[1]

- Ordinary Shareholders

[1]

- (e) Assume that Bahamas Power and Light has decided to update their equipment and will also be acquiring more land to expand the services that they offer.

Discuss **two effective** long-term financing options that would be best suited for this upcoming venture.

OPTION 1

JUSTIFICATION

[1]

OPTION 2

JUSTIFICATION

[2]

[1]

[2]

TOTAL MARKS [20]

[Turn over

7. *Tara Morley, Co – Chair, Bahamas Federation of Retailers stated, “Apart from COVID 19’s continued impact on consumer spending and confidence, the greatest challenge facing the retail sector as the festive season approaches are the “gaps” on many shelves due to inventory/product shortages caused by the global supply chain crisis...With inflation becoming a growing threat, there was little that The Bahamas can do to counter this because it virtually imports everything it consumes.”*

*Tribune Business:
‘Rolling with the punches’ over retail make or break
By Neil Hartman
November 25, 2021*

- (a) Suggest **three** things that consumers can do to combat the effects of the supply chain crisis.

SUGGESTION 1

[2]

SUGGESTION 2

[2]

SUGGESTION 3

[2]

- (b) Determining the Retail Price Index is a monthly activity carried out by the government.

- (i) Explain the purpose of the Retail Price Index.

[2]



- (ii) In an economy, households divide their expenditure as follows:

Food	30%
Clothing	20%
Housing	10%
Leisure	40%

In the base year the price index is 100. By year 3 the index for food had risen to 130, clothing 140, housing 190 and leisure 110.

Complete the weighted price index in Table 2.7 to show the overall rise in prices during this time. Show the calculation of the *Rate of Inflation* in the space below Table 2.7.

COMMODITY	WEIGHT (%)	INDEX	WEIGHTED INDEX	YEAR 3 INDEX	YEAR 3 WEIGHTED INDEX
Food	30	100			
Clothing	20	100			
Housing	10	100			
Leisure	40	100			
TOTAL	100				
INDEX YEAR 1					

Table 2.7

[4]

- (c) Distinguish between *demand pull inflation* and *cost push inflation*.

DEMAND PULL INFLATION

[2]



[Turn over

COST PUSH INFLATION

[2]

- (d) Suggest **two** measures that firms may use to maximise profit during inflationary periods.

MEASURE 1

[2]

MEASURE 2

[2]

TOTAL MARKS [20]

8. *Governments strive to implement economic policies for the advancement of the country and the people it governs. Governments collect income in the form of taxes from its citizens and borrow to provide the goods and services needed for development.*

- (a) List **three** *Economic Objectives* of government.

OBJECTIVE 1

[1]

OBJECTIVE 2

[1]



OBJECTIVE 3

[1]

- (b) Discuss **two** techniques governments may use to try to achieve its economic objectives.

TECHNIQUE 1

[2]

TECHNIQUE 2

[2]

- (c) Real Property Tax Regulation in The Bahamas as applies to *Owner Occupied Property* (owner resides and uses exclusively as a dwelling) states the following:

1st \$250 000 of property value: EXEMPT

NEXT \$250 000 of property value: 0.625%

ABOVE \$500 000 of property value (balance): 1% of remaining part of value

Jackson dwells in a home which has a property value of \$350 000.

Calculate the annual amount Jackson will have to pay in *Real Property Tax Regulation* to the Department of Inland Revenue. Show your working in the space below.

[3]

[Turn over



- (d) Governments borrow to supplement revenue in providing for citizens.

Suggest **two** problems that can be linked to a high level of government borrowing.

PROBLEM 1

[2]

PROBLEM 2

[2]

- (e) Justify **two** reasons why the Bahamian government spent millions of dollars in unemployment, food assistance and subsidies to entrepreneurs during the pandemic.

REASON 1

[1]

JUSTIFICATION

[2]



REASON 2

_____ [1]

JUSTIFICATION

_____ [2]

TOTAL MARKS [20]

End]

BLANK PAGE



DISCLAIMER

This document consist of scanned copies of the BGCSE and/or BJC past papers produced by the Bahamas Ministry of Education. The Student Shed accepts no responsibility or liability for the contents within this document, including but not limited to; answers that may be highlighted, missing papers or missing questions.

It is the sole responsibility of the user to determine the correct and most suitable answers for each question contained therein.

www.TheStudentShed.com

