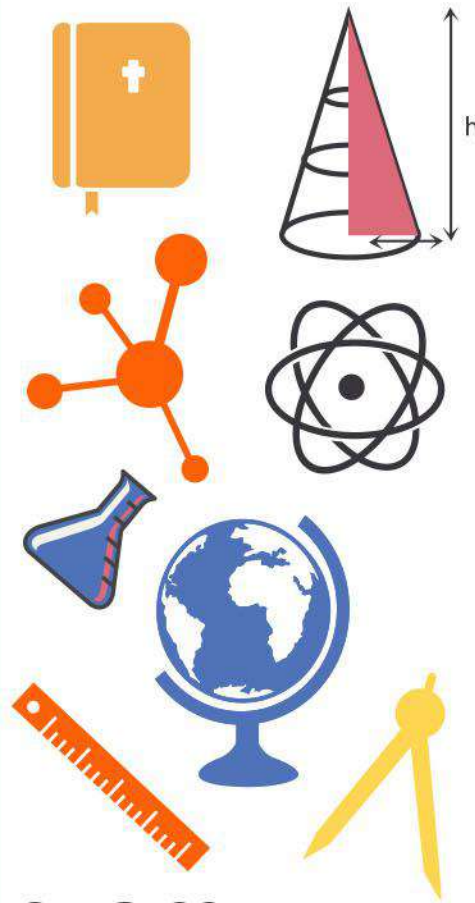


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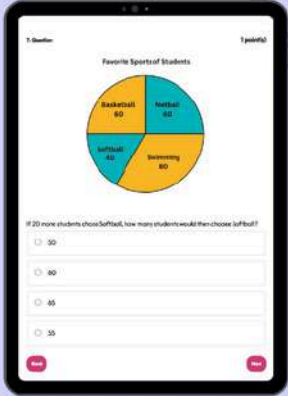


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ECONOMICS

PAPER 1 2030/1

Tuesday **28 MAY 2024** 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. What is the primary purpose of Economics?

A. to confront the problem of scarce resources in relation to human wants
B. to find ways that scarcity can be eliminated for individuals
C. to outline how the government influences resource allocation
D. to show how firms manipulate prices for buyers [1]

2. Ricardo designs and sells straw bags. Which example **best** describes the *Factors of Production* for him?

A. \$6 500 used by Ricardo to get his new business operating
B. hand printed fabric used by Ricardo to cover the inside of straw bags
C. risk assumed by Ricardo when he started his own business
D. straw, fabric, sewing machines used by Ricardo to make straw bags [1]

3. In what way may the Local Government system lead to potential **disadvantages** for consumers?

A. Decision making processes include persons within the local community.
B. Local government allows communities greater involvement.
C. Local government relies on central government for funds.
D. Local needs are identified and addressed by persons in the local community. [1]

4. Which action should **not** be considered as a usual role of the consumer?

A. borrowing
B. buying
C. producing
D. spending [1]

5. Teddy researches online for available options to travel from Exuma to Long Island. Which consumer *right* is being applied?

A. right to be informed
B. right to choose
C. right to redress
D. right to representation [1]



6. In the private sector, which business units are likely to have access to the most capital?
- A. partnerships
 - B. private limited companies
 - C. public limited companies
 - D. sole traders
- [1]
7. Which document outlines the company's relationship with the outside world?
- A. Articles of Association
 - B. Memorandum of Association
 - C. Prospectus
 - D. Statutory Declaration
- [1]
8. What is it called when the production of goods and services is transferred away from the public sector?
- A. corporatization
 - B. nationalization
 - C. privatization
 - D. rationalization
- [1]
9. What is the *least* appropriate measuring tool for the size of a business?
- A. amount of persons employed
 - B. size of the market for the goods and services
 - C. value of the capital equipment used
 - D. value of its output of goods and services produced
- [1]
10. Which of these is an example of *horizontal integration*?
- A. Sunny Gas Station merges with Super Sandwich Restaurants Bahamas Ltd.
 - B. Sunny Gas Stations merge with Easy Gas Stations
 - C. Sene Coal Company in Ukraine merges with Sunny Oil Bahamas
 - D. Sunny Gas Stations merge with Sene Oil Company in Ukraine
- [1]
11. What is it called when the firm is operating at the lowest average cost?
- A. diseconomies of scale
 - B. economies of scale
 - C. increasing returns to scale
 - D. optimum size
- [1]

12. Which best describes a *disadvantage* of division of labour?
- A. Employees and equipment are required to operate at rapid speed.
 - B. Limited tools are needed when work is specialized.
 - C. Mechanization is made possible.
 - D. 'Practice makes perfect'.
- [1]
13. Micro technology has revolutionized the services industry. What is **not** correct about micro technology?
- A. It is cost efficient.
 - B. It takes up less space.
 - C. It requires little expertise.
 - D. It uses less construction material.
- [1]
14. If an investor is looking for somewhere in The Bahamas to set up a business, which industry is likely to be most attractive?
- A. essential services
 - B. construction
 - C. seafood processing
 - D. resort facilities
- [1]
15. What new innovation is the government using to change the employment procedures through the Department of Labour?
- A. apprenticeship programs that facilitate the development of local skills
 - B. offering job placement training at University of The Bahamas to better match job seekers with employers
 - C. use of measurement tools that can effectively assess the performance of the local labour market
 - D. conducting research to determine the demand for various fields of employment in The Bahamas
- [1]
16. Which is most likely to be present in the midst of general unemployment?
- A. increased demand for useful goods and services
 - B. improved total spending in an economy
 - C. more production of goods and services
 - D. seasonal patterns in the demand for labour
- [1]



17. What activities are usually carried out by the Industrial Tribunal of the Commonwealth of The Bahamas?
- A. Deciding employment disputes in essential and non-essential services.
 - B. Decreeing non-binding decisions or awards on both parties.
 - C. Hearing trade disputes in both essential and non-essential services.
 - D. Preparing Industrial Agreements for essential and non-essential services. [1]
18. What is the broadest role of trade unions?
- A. advocating the improvement of pay and working conditions of members
 - B. protecting workers from unfair dismissal
 - C. representing the workers in wage negotiations
 - D. seeking compensation for workers in the form of redundancy pay [1]
19. What is the **best** definition of *demand*?
- A. the willingness, ability and desire of consumers to buy a good or service at a reasonable price
 - B. the willingness, ability and desire of consumers to buy a good or service at a specific price
 - C. the willingness, ability and desire of firms to offer goods and services for sale at various prices
 - D. the willingness, ability and desire of firms to offer goods and services for sale at a specific price [1]
20. If the price of one product rises and the demand for another product falls, what is the relationship between the products?
- A. complementary
 - B. inferior
 - C. relatively inelastic
 - D. substitutes [1]
21. What is the formula for calculating *price elasticity* of demand?
- A.
$$\frac{\% \text{ change in price}}{\% \text{ change in quantity demanded}}$$
 - B.
$$\frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}}$$
 - C.
$$\frac{\text{change in price}}{\text{change in quantity demanded}}$$
 - D.
$$\frac{\text{change in quantity supplied}}{\text{change in price}}$$
 [1]

22. What does the law of supply state?
- A. Other things being equal, more will be demanded at lower prices than at higher prices.
 - B. Other things being equal, more will be supplied at lower prices than at higher prices.
 - C. Other things being equal, more will be supplied at higher prices than at lower prices.
 - D. Other things being equal, more will be demanded at higher prices than at lower prices.
- [1]
23. What will shift the supply curve to the right?
- A. decline in productivity
 - B. higher taxes
 - C. increase in the number of sellers
 - D. rise in input prices
- [1]
24. Which factor *least* influences the elasticity of supply?
- A. excess capacity
 - B. income
 - C. stock of goods
 - D. time
- [1]
25. What is the *major* function of commercial banks?
- A. accept fixed deposits
 - B. grant and process loans
 - C. issue notes and coins
 - D. provide financial insurance
- [1]
26. What is a function of any Central Bank?
- A. control the money supply
 - B. decide the amount of government expenditure
 - C. issue shares on behalf of the government
 - D. raise taxes
- [1]
27. Governments have various responsibilities that do **not** normally include which action?
- A. implementing fiscal policy
 - B. increasing taxes
 - C. protecting the environment
 - D. setting company profit levels
- [1]



Figure 1 below shows the total output of two goods in two countries that divide their resources equally between the production of the two goods.

COUNTRY	CLOTHING (UNITS)	FISH (lbs)
China	50	200
Thailand	100	600

Figure 1

28. Based on the information in Figure 1, which statement is true regarding the two countries? [1]
- A. China has the absolute advantage of producing fish over Thailand.
 - B. China has the absolute advantage in producing clothing over Thailand.
 - C. Thailand has the comparative advantage of producing clothing over China.
 - D. Thailand has the comparative advantage of producing fish over China.
29. In what circumstances would the protection of infant industries be essential? [1]
- A. if the number of workers they will hire decline over time
 - B. if their long-term costs are higher than the revenue earned by them
 - C. if they are a local monopoly market
 - D. if they have the potential to grow and gain a comparative advantage
30. Which tactic has been the most successful means of attracting multinational corporations to set up in The Bahamas? [1]
- A. cheap land
 - B. government concessions
 - C. government grants
 - D. low taxes

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. _____ Scarcity	A. The measure of the small change in satisfaction caused by consuming more or less of a good or service over a given period of time.
2. _____ Opportunity Cost	B. The excess of human wants over what can actually be produced to satisfy those wants.
3. _____ Trade-off	C. The measure of the complete satisfaction obtained from the consumption of a good or a bundle of goods in a given time period.
4. _____ Total Utility	D. The most desired alternative given up when making a decision.
5. _____ Marginal Utility	E. An alternative that is lost when one action is chosen rather than another.

PART II

TERM	MEANING
6. _____ World Trade Organisation	F. A regional agreement that seeks to implement provisions for the free movement of trade and professional restrictions.
7. _____ Free Trade Area of the Americas	G. An organization whose goal is free global trade and lower tariffs.
8. _____ North American Free Trade Agreement	H. A regional group of twenty developing countries that works together to shape policies for the region and encourages economic growth and trade.
9. _____ Caribbean Community & Common Market	I. An agreement that was proposed to eliminate or reduce the trade barriers among all countries in the Americas, excluding Cuba.
10. _____ Caribbean Single Market Economy	J. An agreement that will eliminate all tariffs and other trade barriers between Canada, Mexico and the United States.

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. In a market economy all decisions are made by the government.	T	F
2. The main disadvantage of a sole trader type of business units is unlimited liability.	T	F
3. The size of a firm is determined by how many stores they have.	T	F
4. Capital-intensive is a form of production.	T	F
5. Gross personal income minus all compulsory deductions equals disposable personal income.	T	F
6. Cross elasticity of demand measures the responsiveness of quantity demanded of one commodity to a change in price of another commodity.	T	F
7. Supply is the amount of a good or service that producers are willing and able to offer for sale at a given price over a given period of time.	T	F
8. The capital market is a market that deals in short term loans.	T	F
9. The tax burden of Value Added Tax is on the seller.	T	F
10. A floating exchange rate system allows the exchange rate to be determined by supply and demand.	T	F

TOTAL MARKS [10]

SECTION D – 50 Marks
STRUCTURED QUESTIONS

33. *In a national address Prime Minister of the Commonwealth of The Bahamas Honorable Philip Davis announced that the government was “tackling head on the burden of inflation and the other issues that have driven up the cost of living for Bahamians”. He announced that the minimum wage would increase from \$210 to \$260 per week. The importance of this increase in income would pave the way for economic benefits for families and the country. Bahamians would be in a better position to afford the basic needs and wants as the price of breadbasket items have increased (Price Control Amendment November 1, 2022).*

*Adapted from www.bahamas.gov.bs –
October 12, 2022 “PM’s National Address”*

The Price Commission, a statutory body that protects the consumer from unscrupulous merchants, and Trade Unions, associations of workers that negotiate for the pay and working conditions of its members, work in various ways to assist and protect the needs of consumers.

- (a) List **three** basic needs for individuals.

NEED 1

_____ [1]

NEED 2

_____ [1]

NEED 3

_____ [1]

- (b) Other than employment, state **one** way individuals can receive income.

_____ [1]

- (c) Identify **three** ways that the Price Commission protects the consumer.

_____ [3]



- (d) Distinguish between *money* income and *real* income.

MONEY INCOME

[2]

REAL INCOME

[2]

- (e) Assume that the demand for a breadbasket item, bread, decreased from 100 units at \$5.00 to 80 units at \$6.00. What would be the elasticity of demand? Show your working in the space below.

[3]

- (f) State whether price elasticity of demand is elastic or inelastic or unitary.

[1]

- (g) Trade Unions influence the supply of Labour. Explain **two** reasons why Unions demand higher wages.

REASON 1

[2]

REASON 2

[2]

- (h) Suggest and analyze **two** ways in which an increase in minimum wage can affect the employer.

SUGGESTION 1

[1]

ANALYSIS

[2]

SUGGESTION 2

[1]

ANALYSIS

[2]

TOTAL MARKS [25]



34. *The Securities Commission of The Bahamas (“the Commission”) is a statutory body established in 1995 pursuant to the Securities Board Act, 1995. The Act has since been amended to the Securities Industry Act 2011.*

2022 Bahamas Financial Services Board

- (a) State the primary function of *The Commission*.

[1]

- (b) Distinguish between the *capital market* and the *money market*, giving **one** example of an organisation operating in each.

CAPITAL MARKET

[2]

EXAMPLE

[1]

MONEY MARKET

[2]

EXAMPLE

[1]

- (c) Identify **two** types of securities traded in financial markets.

SECURITIES 1

_____ [1]

SECURITIES 2

_____ [1]

- (d) Identify and explain **three challenges** that an established company in The Bahamas may encounter in efforts to raise capital.

CHALLENGE 1

_____ [2]

CHALLENGE 2

_____ [2]

CHALLENGE 3

_____ [2]



- (e) Assume that Z Company Ltd., a public limited company in The Bahamas, issued shares to the public.

Share Capital	Company's Capital \$
15 000 5% Preference Shares of \$3 each	45 000
15 000 Ordinary Shares of \$1 each	15 000
Total Company Capital	60 000

The Dividend to be paid out by this company is \$10 000.

Calculate:

- (i) the dividends payable to Preference Shareholders. Show your working below.

[1]

- (ii) the rate of return on Dividends given to Ordinary Shareholders. Show your working below.

[3]

- (f) The Bahamas Investment Authority highlights in its Overview Guide for Investors that, ‘The business community has come to realize that The Bahamas is truly a paradise for many reasons’.

Identify and analyze *two factors* that may lead investors to capitalize on what The Bahamas has to offer.

FACTOR 1

_____ [1]

ANALYSIS

_____ [2]

FACTOR 2

_____ [1]

ANALYSIS

_____ [2]

TOTAL MARKS [25]



2030/2

BGCSE

School Number	Candidate Number
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ECONOMICS

Paper 2 2030/2

Tuesday **4 JUNE 2024** 12:30 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 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.

Firmly attach the graph paper to the answer booklet.

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 25 printed pages and 3 blank pages.

PART I – 60 Marks

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

1. *People are both owners of factors of production and also consumers of goods and services. They earn money to buy the goods and services they want and need but do not produce themselves in their work. Any income they do not spend, and is not taken in taxation is usually saved. Very often consumers and governments spend more than they earn. To offset this short fall, they both have to borrow from financial institutions.*

*Adapted from Economics: A complete Course for IGCSE and O Level
By Dan Maynihan & Brian Titly*

- (a) Define the term *Factors of Production*.

[1]

- (b) Identify **two conditions** that can influence consumer spending.

CONDITION 1

[1]

CONDITION 2

[1]

- (c) Suggest **two reasons** why consumers save money.

REASON 1

[2]

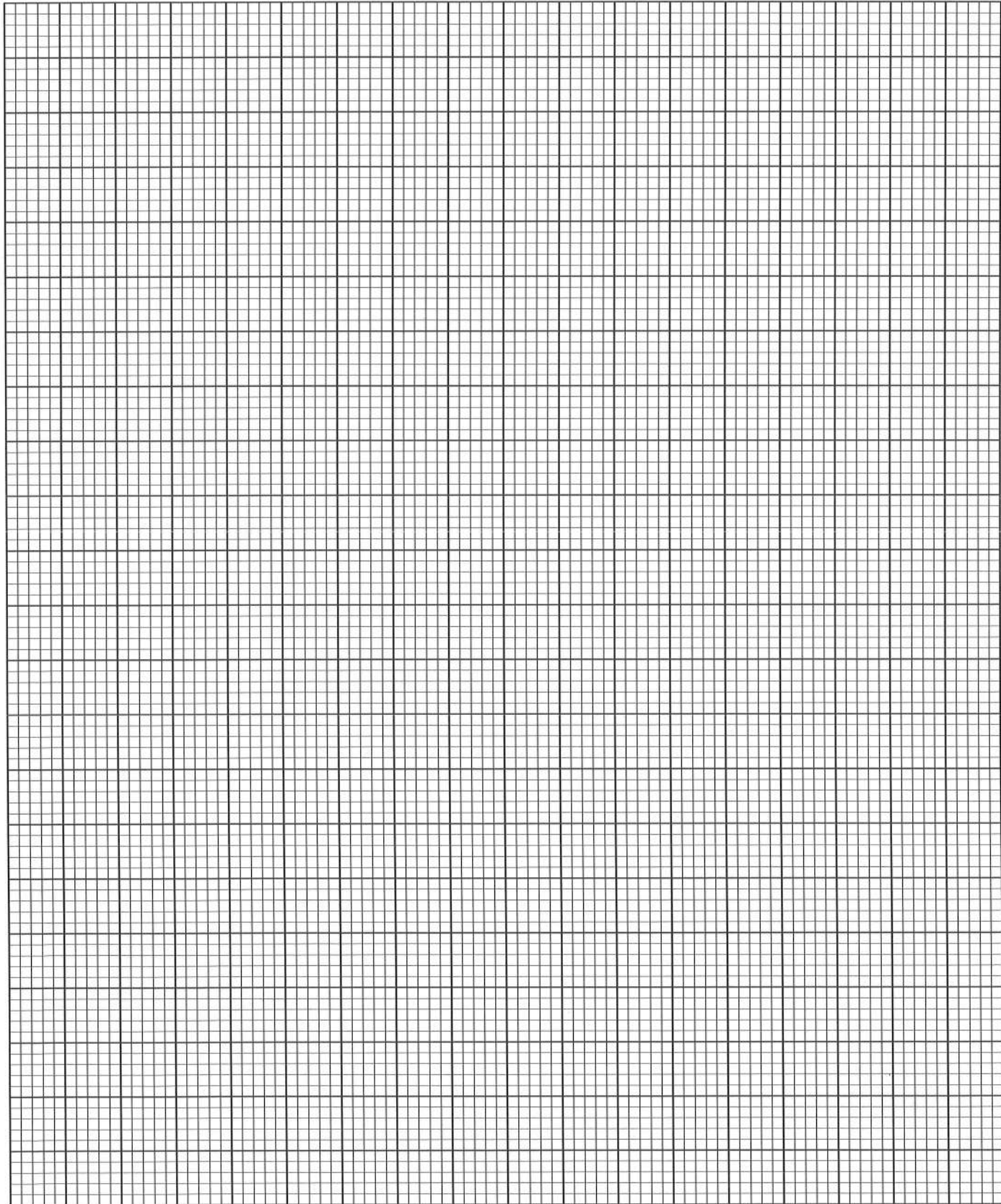
REASON 2

[2]



MINISTRY OF EDUCATION
BAHAMAS GENERAL CERTIFICATE OF SECONDARY EDUCATION
EXAMINATION

School No.	Candidate No.	Level:	For Examiner's Use
Subject Number & Title:		Paper:	
Surname & Initials:		Section:	
Signature:	Date:	Qu. No.	



EXAMINATION

School No.	Candidate No.	Level:	For Examiner's Use
Subject Number & Title:		Paper:	
Surname & Initials:		Section:	
Signature:	Date:	Qu. No.	

This image shows a full page of blank graph paper. The grid consists of small, equal-sized squares formed by thin black lines. There are no margins, text, or other markings on the page.

- (d) Explain **two reasons** why financial institutions may allow consumers to borrow money from them.

REASON 1

[2]

REASONS 2

[2]

- (e) The table below shows an economy's *Demand for Loanable Funds* schedule and *Supply of Loanable Funds* schedule.

Interest Rate (%) per year	Loanable Funds Demanded (thousands of dollars per year)	Loanable Funds Supplied (thousands of dollars per year)
1%	\$16 000	\$1 000
2%	\$12 000	\$4 000
3%	\$8 000	\$8 000
4%	\$4 000	\$12 000
5%	0	\$20 000

- (i) Construct the Demand and Supply Curves for Loans on graph paper. [6]
- (ii) Explain what has taken place when the Interest Rate is at 3% per year.

[3]

TOTAL MARKS [20]

[Turn over]



2. The Bahamas has a mixed economic system comprising of two sectors: private sector and public sector. Business organizations can fall in either sector as some are privately owned and some are publicly owned.

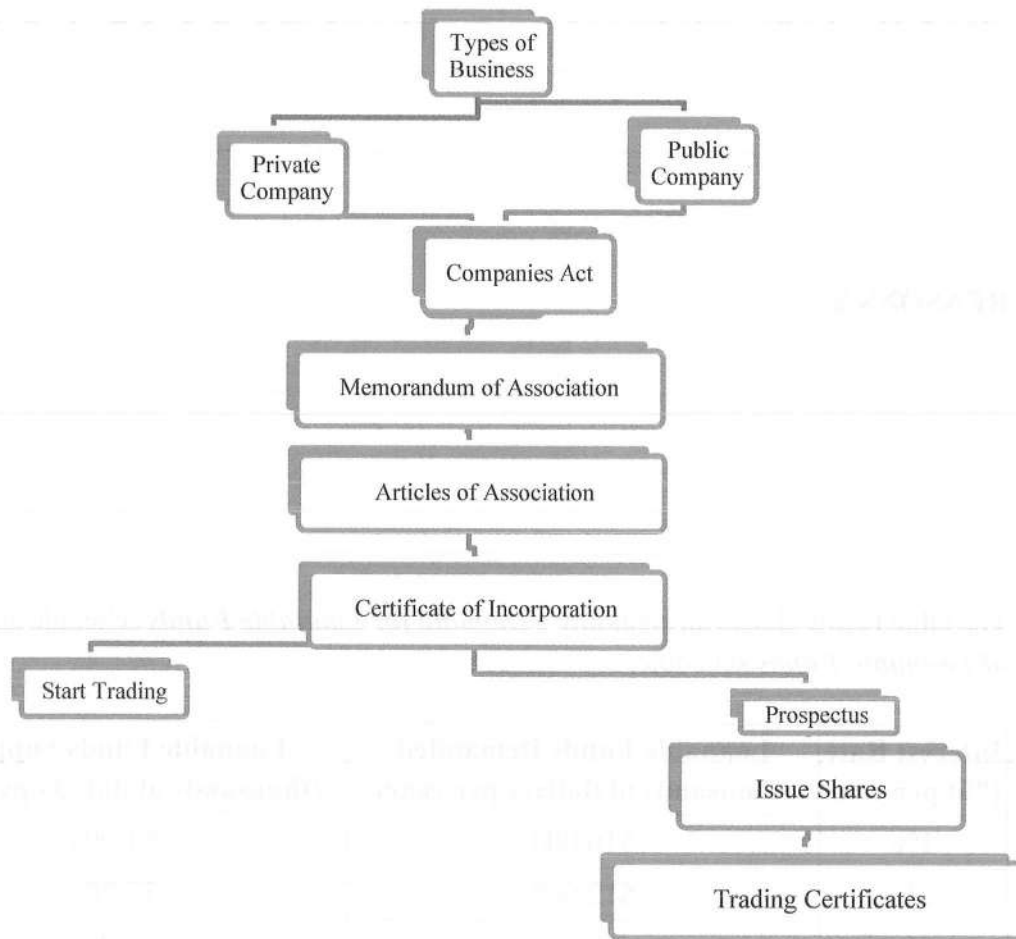


Fig. 1.1 Forming a Limited Company

- (a) Distinguish between the terms *economics* and *economic system*.

ECONOMICS

[2]

ECONOMIC SYSTEM

[2]



- (b) Give **two characteristics** of a company in the private sector that has limited liability.

CHARACTERISTIC 1

[1]

CHARACTERISTIC 2

[1]

- (c) Refer to Figure 1.1 and answer the following questions.

- (i) The diagram shows that a public company raises its capital eventually by the issue of shares.

Explain how a private company raises its capital.

[2]

- (ii) Figure 1.1 shows the Memorandum of Association and Articles of Association. At the Registrar General's Office the Memorandum of Association costs \$300 and the Article of Association is 10% of that amount. VAT stands at 10%.

Calculate the amount needed in order to set up a business in The Bahamas, including VAT. Show your working in the space below.

- (d) Give **two** *benefits* of the Prospectus for the business owner.

BENEFIT 1

[1]

BENEFIT 2

[1]

- (e) Discuss **three** *factors* that influence the economic decisions made by business owners.

FACTOR 1

[2]

FACTOR 2

[2]

FACTOR 3

[2]

TOTAL MARKS [20]



3. *The Principal of a Consulting firm and head of a Small Business Association and Resource Centre said: "A lot of businesses that made it through the pandemic are still in survival mode. There is no major profit development at this stage.*

"They have had to absorb some costs in order to keep their customers and remain competitive. That's the reality."

He noted that small business operators have likewise faced logistical challenges, rising shipping costs, and the impact of global inflation.

*Eyewitness News
August 27, 2022*

- (a) Identify the Economics **factor of production** under which this 'Principal of a Consulting firm' would be classified. Give **one** reason to justify your answer.

FACTOR OF PRODUCTION

[1]

JUSTIFICATION

[2]

- (b) Based on the excerpt above, describe **two challenges** faced by small business operators in The Bahamas.

CHALLENGE 1

[1]

CHALLENGE 2

[1]

- (c) The excerpt indicates that there are costs associated with running a small business. Distinguish between the *fixed costs* and *variable costs* providing an example for each.

FIXED COST

[2]

EXAMPLE

[1]

VARIABLE COST

[2]

EXAMPLE

[1]

- (d) Figure 1.2 shows the marginal product of labour.

<i>LABOUR</i>	<i>TOTAL OUTPUT</i>	<i>MARGINAL PRODUCT</i>
0	0	
1	20	
2	40	
3	55	
4	40	
5	25	

Figure 1.2

- (i) Calculate the marginal product of labour. [1]

Write your response in the Marginal Product column of Figure 1.2.



- (ii) Using the information from the completed table, determine the point at which the business is experiencing *increasing returns* and *diminishing returns*. Show all working in the space below.

[2]

- (e) Identify and explain **two causes of inflation** that can affect small businesses in The Bahamas.

CAUSE OF INFLATION 1

[1]

EXPLANATION

[2]

CAUSE OF INFLATION 2

[1]

EXPLANATION

[2]

TOTAL MARKS [20]

[Turn over]



PART II – 40 Marks

Directions: *ANSWER* any **TWO** questions from this section.

4. The Bahamas' population is ageing, and the pace of this ageing is predicted to increase.

PAHO, 2021

**Bahamas
2021**

Population: 396,914

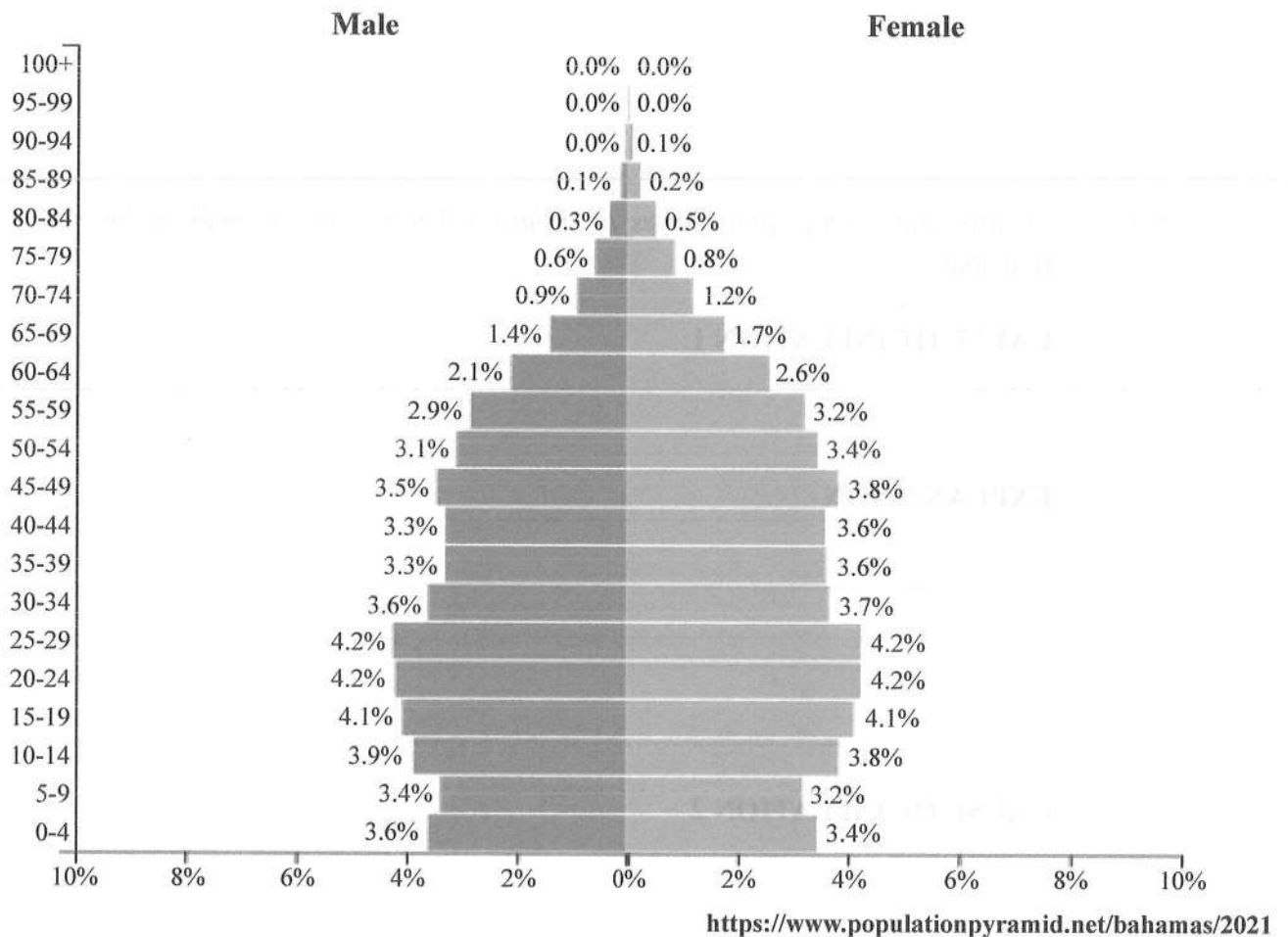


Figure 1.3

- (a) Besides age and sex, list **two** other ways to measure the distributions of the population.

METHOD 1

[1]

METHOD 2

[1]



- (b) Give **two distinguishing factors** between *over-population*, *under-population* and *optimum population*.

OVER-POPULATION

Factor 1

[1]

Factor 2

[1]

UNDER-POPULATION

Factor 1

[1]

Factor 2

[1]

OPTIMUM POPULATION

Factor 1

[1]

Factor 2

[1]

(c) Refer to Figure 1.3 and answer the following questions.

(i) Identify and explain which gender has a longer life span.

GENDER

_____ [1]

EXPLANATION

_____ [2]

(ii) Calculate the number of people in the population aged 65 and over of The Bahamas. Show your working in the space below.

[3]

(d) Identify and describe **two economic effects** of the population aged 65 and over on an economy.

EFFECT 1

_____ [1]

DESCRIPTION

_____ [2]



EFFECT 2

[1]

DESCRIPTION

[2]

TOTAL MARKS [20]

5. *There are various consumer protection agencies in The Bahamas that are designed to uphold the consumer rights and responsibilities.*

*URCA's website and the Consumer Protection Commission information booklet
Government Printing Department*

- (a) Define the term *consumer rights*.

[2]

- (b) Explain **two reasons** why consumers need protection

REASON 1

[2]



REASON 2

[2]

- (c) For each of the following scenarios, state the name of the *Consumer Law (Act)* that is being breached. Write your responses in the table below.

SCENARIO	LAW
1. A can of soda contains 9 ounces instead of 12 ounces as per the label.	
2. Restaurant Neavu does not show ingredients used to make their signature dish.	
3. A set of cooking pots and pans that you did not order are delivered from an online store.	
4. Flyer claims that an Air BnB is located next to the beach, however, the beach is actually five miles away from the house.	

[4]

- (d) Suggest **two disadvantages** for consumers if consumer laws are removed.

DISADVANTAGE 1

[2]



DISADVANTAGE 2

[2]

- (e) Discuss **one way** in which consumers can protect their rights, and **one way** in which consumers can exercise their responsibility in the economy.

PROTECTING CONSUMER RIGHT

[3]

EXERCISING CONSUMER RESPONSIBILITY

[3]

TOTAL MARKS [20]



6. *The Caribbean Development Bank (CDB) is putting US\$43.3 million into the construction of a brand-new comprehensive school and the rehabilitation of two others in East Grand Bahama to accommodate students whose schools were destroyed by Hurricane Dorian in 2019.*

Press Release Statement from the CDB

December 20, 2022

- (a) List **two roles** of the Caribbean Development Bank.

[2]

- (b) Name and describe **two** other international organizations for which The Bahamas is a member other than the Caribbean Development Bank

INTERNATIONAL ORGANIZATION 1

[2]

INTERNATIONAL ORGANIZATION 2

[2]



- (c) Suggest **two benefits** for The Bahamas to be involved as members of international organizations.

BENEFIT 1

[2]

BENEFIT 2

[2]

- (d) The table below shows The Bahamas' Income for the year 2022.

- (i) Calculate the total amount of Income gained from international organizations.

Show your working in the space below

SOURCE	\$ (millions)
Road Traffic	2.0
IDRB	100.0
Caribbean Development Bank	45.2
Custom Duties	21.7
Non Tax Revenue	11.4
Value Added Tax	20.4

[2]

- (ii) Calculate the percentage of the country's income that is gained from international organizations. Show your working in the space below.

[2]

- (e) The Bahamas opened an office in Geneva, Switzerland to facilitate its membership in the World Trade Organization.

Explain **three objectives** of the World Trade Organization.

OBJECTIVE 1

[2]

OBJECTIVE 2

[2]

OBJECTIVE 3

[2]

TOTAL MARKS [20]



7. *To better understand how economies operate and how their performance might be improved, macro-economists collect and analyze economic data and tend to focus on a few statistics to assess the health and development of an economy. Chief among these statistics are gross domestic product, unemployment and inflation.*

Principles of Economics: A Bahamian Perspective
Karagiannis & McHardy
2010

- (a) Define the term *gross national product*.

[2]

- (b) Identify **two distinguishing features** between *nominal GDP* and *real GDP*.

FEATURE 1

[2]

FEATURE 2

[2]

- (c) Identify **two limitations** of GDP giving justification for each.

LIMITATION 1

_____ [1]

JUSTIFICATION

_____ [2]

LIMITATION 2

_____ [1]

JUSTIFICATION

_____ [2]

- (d) **Firm A** manufactures fabric and sells a bolt of fabric for \$20 to **Firm B**. **Firm B** operates a fabric store and sells a bolt of fabric for \$30 to **Firm C**. **Firm C** uses the fabric to make skirts to sell to the general public for \$45 each.

- (i) Calculate the total value of the sales of these three items. Show working.

[2]

- (ii) The outputs of these firms will be included in the GNP.

Indicate the *Total Value of Output* recorded.



[1]

- (iii) Assume that this industry is subject to 10% VAT.

Calculate the total cost of VAT payable on the transactions described above.
Show working.

[1]

- (e) Explain **two reasons** why GDP is calculated by both the output-expenditure approach and the income approach.

REASON 1

[2]

REASON 2

[2]

TOTAL MARKS [20]

8. *Prime Minister, Philip Davis, says he hopes The Bahamas can benefit from the establishment of a Loss and Damage Fund to aid vulnerable nations, most at risk of the impacts of climate change. The Fund was announced on Sunday as one of the greatest accomplishments to come from this year's COP27, held in Sharm El-Sheikh, Egypt from November 6 to 18, 2022.*

By KHRISNA RUSSELL

Tribune Chief Reporter

Tuesday, November 22, 2022

- (a) Name and describe three roles of the government of any nation.

ROLE 1

[2]

ROLE 2

[2]

ROLE 3

[2]



- (b) The government gets most of its revenue from taxation. Give **two distinguishing features** between *direct taxes* and *indirect taxes*.

FEATURE 1

[2]

FEATURE 2

[2]

- (c) The table below shows aggregate government expenditure for July 2022 as reported by the Ministry of Finance of The Bahamas. Use Figure 1.4 to answer the following questions.

Aggregate expenditure equated \$219 million, an 8.6 % (\$20.7 million) decrease compared to the same period of the prior year.

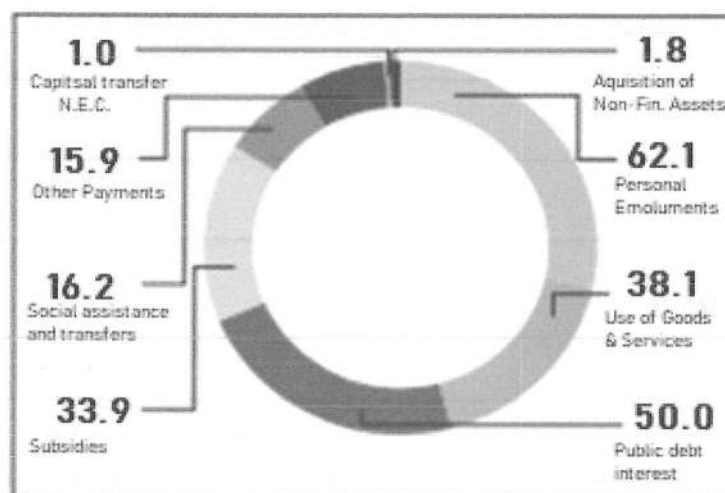


Figure 1.4 Total Expenditure – July 2022

Monthly Fiscal Summary Report
Ministry of Finance
<https://www.bahamas.gov.bs>
Released October, 2022

- (i) *Personal Emoluments* as a percentage of total expenditure were largest at \$62.1 million of total expenditure.

Explain the term, *personal emoluments*.

[2]

- (ii) Calculate the percentage of *personal emoluments* for 2022. Show your working.



[2]

- (d) The Prime Minister addressed the challenges of climate change for a small developing state like The Bahamas.

Identify and describe **two ways** that climate change can seriously hinder the economic growth of small, vulnerable countries like The Bahamas.

ECONOMIC CHALLENGE 1

[3]

ECONOMIC CHALLENGE 2

[3]

TOTAL MARKS [20]

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