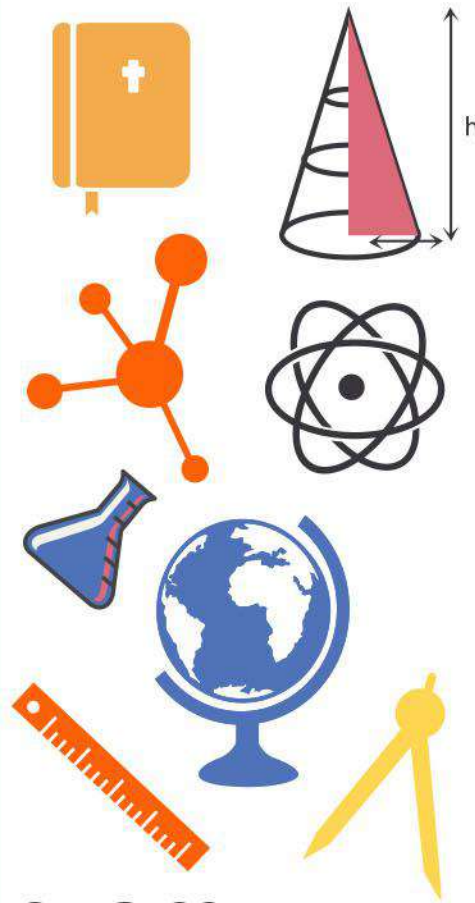


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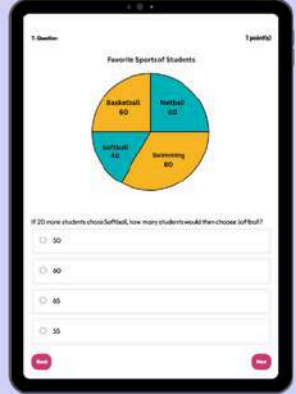


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2030/1

BGCSE

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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]

[Turn over

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]

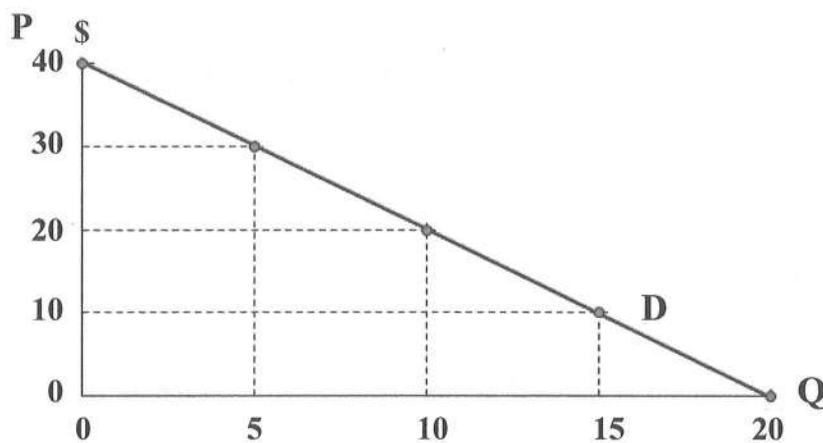


16. What is the best description of inflation?

- 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.

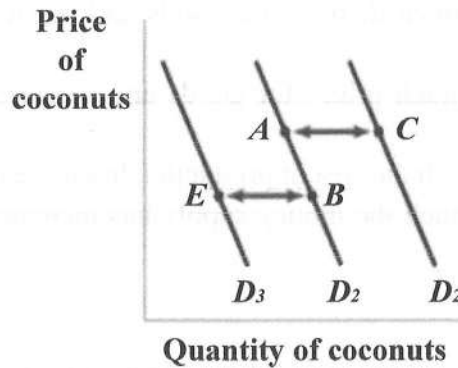


If the price of this good is \$30, what quantity will be demanded?

- 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]

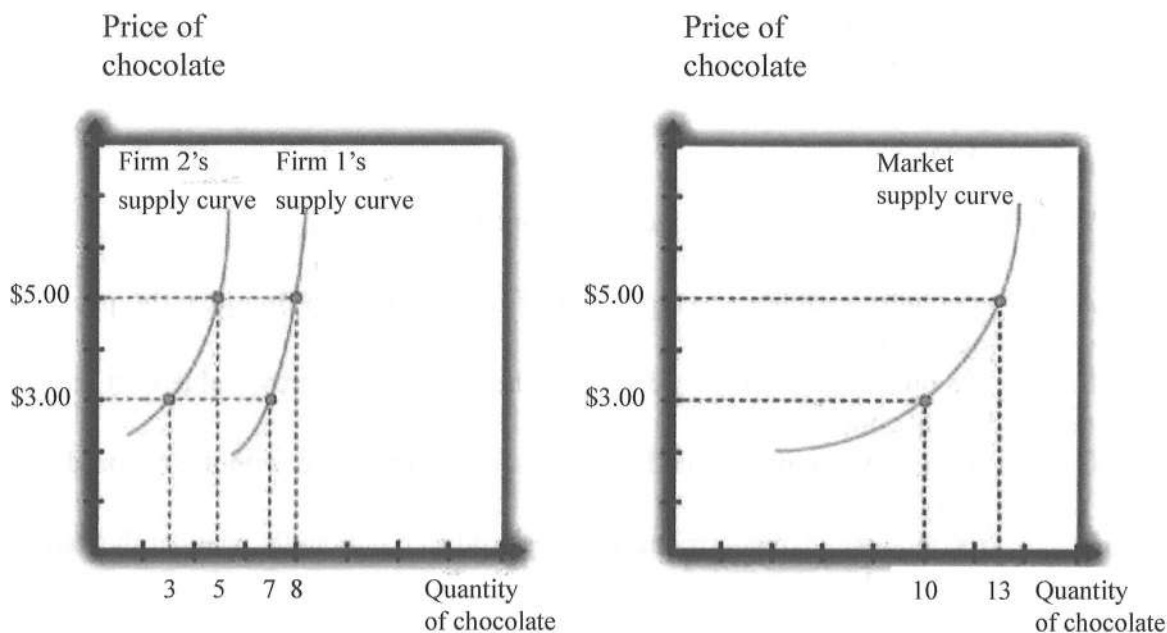
21. Which one is **not** a factor influencing supply?

- 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]

[Turn over



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]

2030/2

BGCSE

School Number	Candidate Number
Surname and Initials	

ECONOMICS

Paper 2 2030/2

Tuesday **3 JUNE 2025** 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 22 printed pages and 2 blank pages.

PART I – 60 Marks

DIRECTIONS: Candidates must attempt **ALL** questions in Part 1.

1. The aim of most firms is to maximise profits. However, though State – owned enterprises (SOEs) seek to be profitable, their main aim is to provide an essential service to the citizenry. Firms make a variety of decisions on a daily basis and each of these decisions implies an opportunity cost (econdeev.co.za). All firms strive to achieve that optimum size of operation.

- (a) Define the term “opportunity cost”.

[2]

- (b) Define the term “optimum size”.

[2]

- (c) Explain **THREE** advantages and disadvantages derived by division of labour in industry.

ADVANTAGE 1

[1]

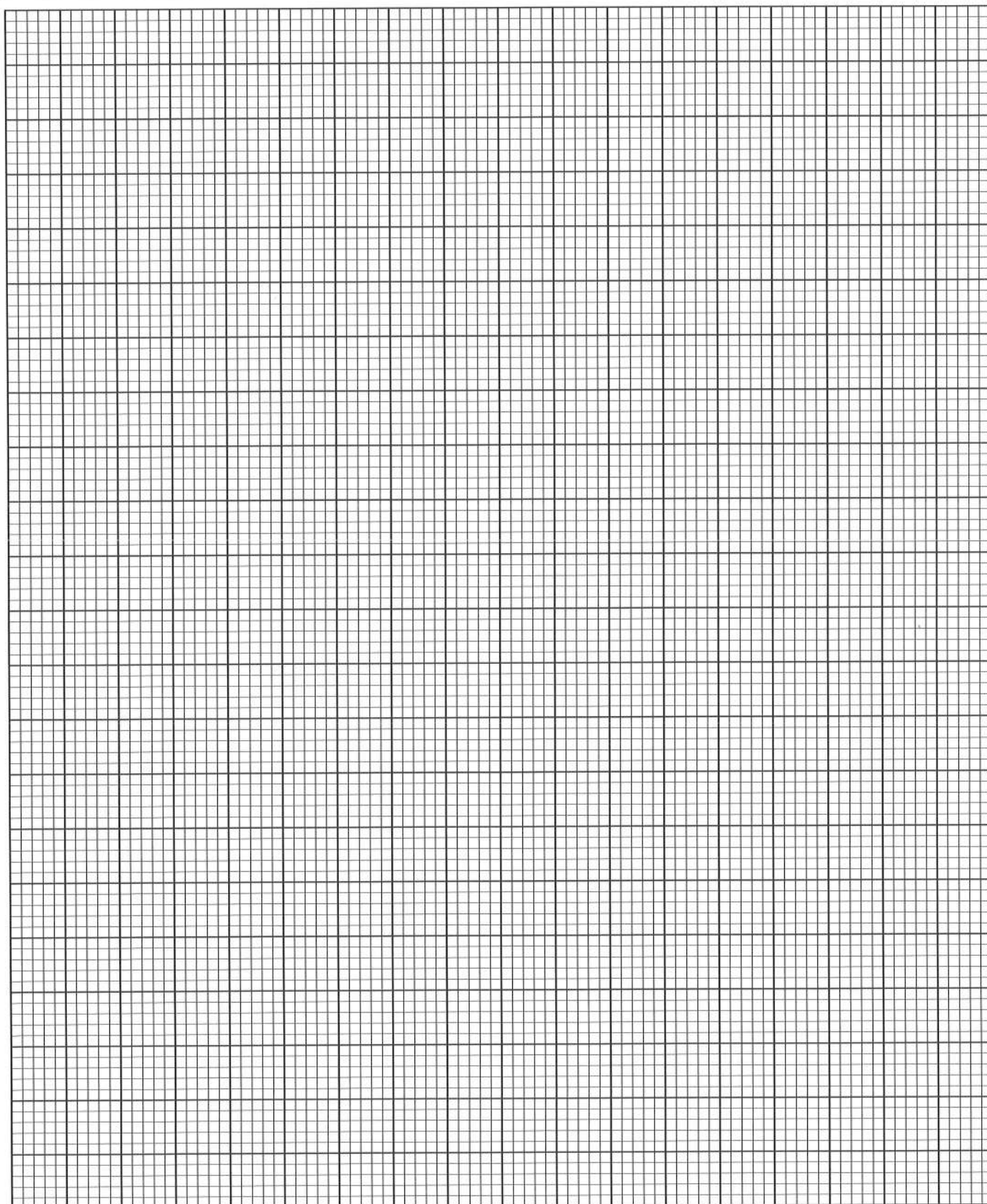
ADVANTAGE 2

[1]



**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.

ADVANTAGE 3

[1]

DISADVANTAGE 1

[1]

DISADVANTAGE 2

[1]

DISADVANTAGE 3

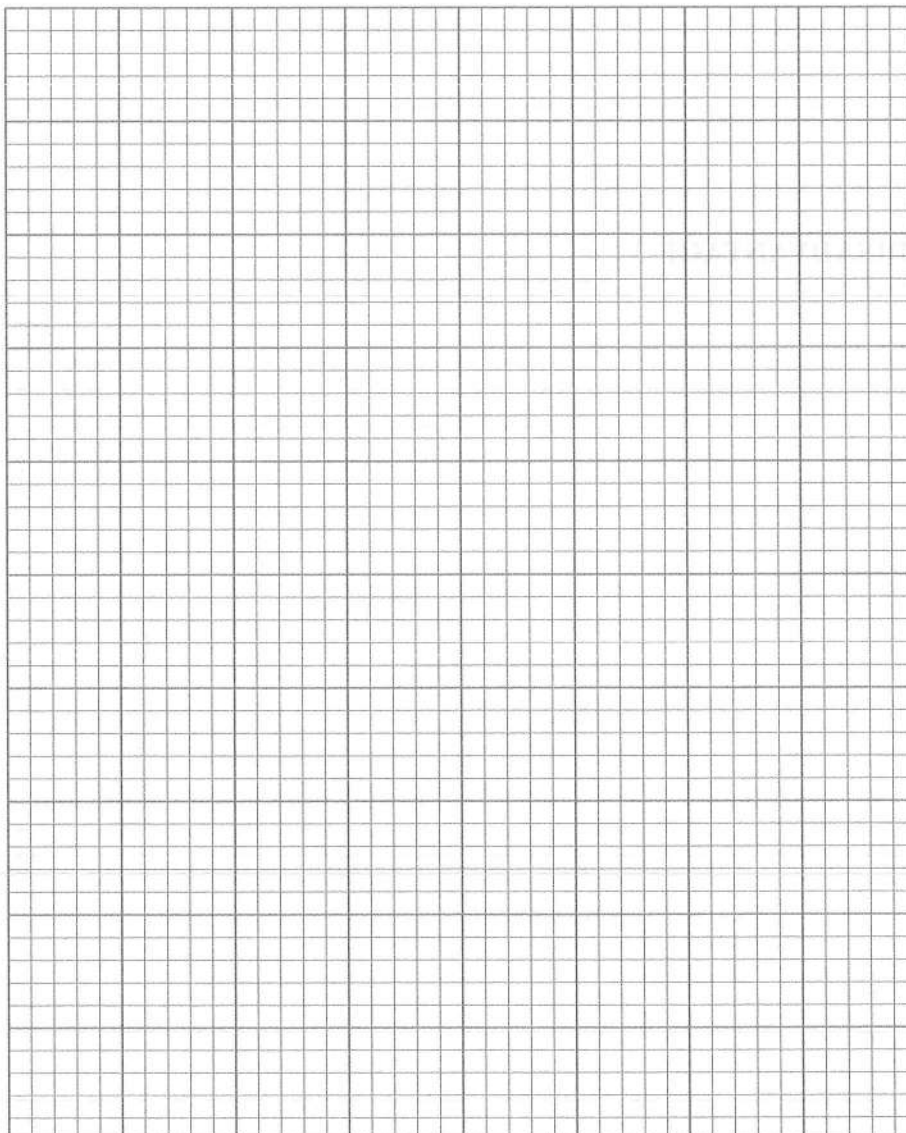
[1]



- (d) Chart 1 below provides information pertaining to production costs, revenue and profit of a business.

OUTPUT	FIXED COST \$	VARIABLE COST \$	TOTAL COST \$	TOTAL REVENUE \$	PROFIT/ LOSS \$
0	1,500	0	1,500	0	-1500
100	1,500	300	1,800	1,000	-800
200	1,500	600	2,100	2,000	-100
300	1,500	900	2,400	2,400	0
400	1,500	1,200	2,700	3,000	300

- (i) Use the graph form below to draw a Fixed Cost Curve, Total Cost Curve and Total Revenue Curve. [3]



(ii) Label and shade the position of Variable Cost on the graph. [1]

(iii) At what level of output and cost/revenue will the firm break – even?

_____ [2]

(e) It has been said that the Water and Sewerage Corporation is not a pure monopoly as some residents have a private well water system. Discuss the Pros and Cons of a monopoly.

_____ [4]

TOTAL MARKS [20]



2. *Dr. Hubert Minnis yesterday accused the Government of “causing” The Bahamas’ tax blacklisting by “shelving” a solution that had been “accepted” by the European Union (EU). The former prime minister, speaking after The Bahamas last week failed to escape the EU’s list of non-cooperative jurisdictions following the latest review, told Tribune Business his administration had agreed a plan to address the 27-nation bloc’s concerns over this nation’s compliance with its economic substance reporting demands.*

By NEIL HARTNELL

Minnis accuses Gov’t of ‘causing’ EU blacklisting

Tribune Business Editor

nhartnell@tribunemedia.net

Wednesday 25th October 2023

- (a) Define the term “blacklisting”.

[2]

- (b) State **TWO** ways that governments restrict trade with other countries.

[2]

- (c) Explain the following terms:

- (i) Mediation

[2]

- (ii) Arbitration

[2]



(iii) Collective Bargaining

[2]

- (d) Ben Frisch, a Tropic Seafood director, told Tribune Business there is a glut of high-value fisheries products that is depressing prices amid complaints from Bahamian fishermen that the price they are receiving has reduced from \$12 per pound at the opening of the 2022 crawfish season to \$7 now. Assume that this drop in cost has led to the quantity supplied falling from 250 units to 210.

Calculate the price elasticity of supply on crawfish.

[6]

- (e) Suggest **FOUR** ways in which the European Union influences the Bahamian economy.

[4]

TOTAL MARKS [20]

[Turn over



3. The economic problem results in people and governments having to make choices because of limited resources. The Bahamas has a mixed economy with various types of business organisations that produce some goods and services.

(a) What is a mixed economy?

[2]

(b) List **ONE** advantage and disadvantage of a mixed economy.

Advantage

[1]

Disadvantage

[1]

(c) (i) Explain the difference between public limited companies and public corporations.

[4]

(ii) Identify **TWO** disadvantages of a public corporation.

[2]



- (d) The following plant manufacturing firms have expanded the scale of their production in two years. Both firms doubled their inputs or the factors of production they use.

Rose Plant Nursery		Sages Plant Nursery	
Year 1			
Labour units	50	Labour units	40
Number of machines	10	Number of machines	15
Number of factories	1	Number of factories	1
Total output	10 000	Total output	12 000
Year 2		Year 2	
Labour units	100	Labour units	80
Number of machines	20	Number of machines	30
Number of factories	2	Number of factories	2
Total output	25 000	Total output	20 000

- (i) Calculate the percentage change in output for the Rose Plant Nursery in the space below and state whether it is experiencing increasing or decreasing returns to scale.

[3]

- (ii) Calculate the percentage change in output for the Sages Plant Nursery in the space below and state whether it is experiencing increasing or decreasing returns to scale.

[3]

[Turn over



- (e) The Bahamas is said to import most of its goods and services utilised by citizens. Suggest reasons for the importance of international trade for The Bahamas.

[4]

TOTAL MARKS [20]



BLANK PAGE

PART II – 40 Marks

DIRECTIONS: Answer any **TWO** questions from this section.

4. *Through its governing legislation, URCA is mandated to establish consumer protection regulations for both sectors. These documents provide detailed information about consumers' rights and obligations and also the obligations of the service provider as it pertains to the two sectors regulated by URCA: the Electronic Communications sector and the Electricity Sector. The documents also tell consumers what is expected of providers who do not provide the service as stipulated in their service contracts.*

For consumers who have grievances with their service providers about issues such as billing, maintenance, regular service, contract, false advertising, speed, quality of service etc. and have exhausted the avenues for redress with the service providers, URCA has a comprehensive complaint management process committed to resolving consumer's complaints within set time frames.

Utilities Regulation & Competition Authority

Consumer Protection

<https://www.urcabahamas.bs/consumer-centre/consumer-protection/>

- (a) Describe the role that consumers play in the economy.

[2]

- (b) Name the **TWO** sectors that provide services to consumers in The Bahamas as mentioned in the passage.

[2]

- (c) Explain the following terms associated with the size of business organisations:

- (i) Diseconomies of scale

[2]

- (ii) Dis-integration

[2]

- (iii) Risk bearing economies

[2]



- (d) Assume that a household has an annual income of \$57,600 with a taxable rate that is paid of 12%. This household has various expenses such as grocery, rent, clothing, transportation, insurance, and other necessary commodities totaling \$14,000 a year.

Calculate:

- (i) The disposable income.

[2]

- (ii) The discretionary income.

[4]

- (e) The income earned by consumers is often housed in Commercial banks.

Discuss **TWO** functions of a Commercial Bank.

[4]

TOTAL MARKS [20]

[Turn over



5. *Duran Humes, a Bahamian software developer said data storage represents the first Artificial Intelligence (AI) related growth area that this nation can exploit for economic advantage... Concerns about (AI) still linger given its potential to replace human workers, and Mr. Humes said there is both a bit of "truth" and irrational fear over this. While some people will be replaced, this also represents an opportunity for some individuals to "upskill" themselves".*

*Target data storage for The Bahamas AI growth,
Youri Kemp, Tribune Business Reporter, Thursday, January 11, 2024*

- (a) Identify **TWO** examples of capital as a factor of production.

[2]

- (b) Outline the difference between capital intensive production and labour intensive production.

[2]

- (c) Unemployment has serious social effects.

- (i) Discuss **ONE** social effect caused by unemployment.

[2]

- (ii) Explain **TWO** possible causes of structural unemployment.

[4]



- (d) In May 2023, The Bahamas Statistical Institute recorded the population of The Bahamas at 412,623, with 219,465 in the employed labour force.

(i) Calculate the dependency ratio.

[4]

(ii) State what the ratio in (i) indicates.

[2]

- (e) Discuss how Artificial Intelligence is improving efficiency in business.

[4]

TOTAL MARKS [20]

[Turn over]



6. *Prime Minister Philip Davis said yesterday that the enactment of the Consumer Protection Bill 2023 signals a "significant shift" in the approach to consumer protection in the country, marking what he said is the first of many progressive steps to reform the way business is conducted. [...] He also said that one of the most essential parts of what the law addresses is the rights available to consumers.*

"Many people are not aware of their rights, and I believe that as this law is implemented and enforced, this part of the law must be put out there for public awareness and education. Among these rights as a consumer is the right to receive the details of the goods being sold. There is a right to measure and verify goods being bought. There is a right to receive a receipt as proof of purchase and a right to receive a refund given certain conditions." said Davis, noting that the enactment of this Bill will signal a significant shift in the approach to consumer protection.

PM: Updated Consumer Protection bill to bring needed reforms

November 2, 2023November 1, 2023

Natario McKenzie

- (a) List **TWO** Consumer Rights mentioned in the passage.

[2]

- (b) State **TWO** reasons for protectionism in international trade.

[2]

- (c) Explain the following terms:

- (i) Fiscal Policy

[2]



(ii) Monetary Policy

[2]

(iii) Direct Controls

[2]

(d) Foreign exchange rates are an important determinant for exchange during travel, comparing prices online or even salary increase opportunities with employment abroad. It is a useful life-skill that can allow for smooth transactions during exchange.

(i) Jayden goes on a holiday to Florida. The exchange rate is still $\text{£}1 = 1.27$ dollars. He changes $\text{£}2,200$ into dollars. How many dollars should he receive?

[2]

(ii) After his holiday Jayden changes 200 dollars back into pounds. The exchange rate is still $\text{£}1 = 1.27$ dollars. How many pounds should he get? Give your answer to the nearest penny.

[2]

(iii) How much money did Jayden spend in Florida?

[2]

[Turn over

- (e) Discuss **TWO** effective ways that the Bahamian government has reduced its national debt.

[4]

TOTAL MARKS [20]



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[Turn over

7. Government objectives include maintaining low and stable price inflation, low unemployment levels and economic growth. In “July 2022 inflation rate was 7.1%” (Office of the Prime Minister, 2023). With inflation becoming a growing concern, Trade Unions continue to advocate for increase in wages to support the high cost of living.

- (a) Apart from advocating for increase in wages, list **TWO** other functions of Trade Unions.

[2]

- (b) Identify **TWO** factors that affect the supply of labour.

[2]

- (c) Explain **THREE** factors that affect employment levels.

[6]



- (d) The table below gives price and quantity of a market basket for 2021 and 2022. Consider 2021 as the base period.

Types of goods and services	Weight	Price \$ 2021	Price \$ 2022
Travel and leisure	15	20	22
Household goods and services	25	40	46
Clothing and footwear	40	30	38
Transport	20	25	20

- (i) Calculate the Consumer Price Index market basket in 2021. Show your working.

[3]

- (ii) Calculate the Consumer Price Index market basket in 2022. Show your working.

[3]

- (e) Legislation regarding trade unions in The Bahamas is done by the Industrial Tribunal. Examine the role of the Industrial Tribunal in The Bahamas.

[4]

TOTAL MARKS [20]

[Turn over



8. Sometimes governments have to intervene in the market to protect users of goods and services. The Consumer Affairs Unit falls under the jurisdiction of the Ministry of Economic Affairs. The unit oversees issues affecting the consumer as it relates to the buying and selling of goods and services.

"In New Providence, Bahamians and immigrants pay hefty rents to reside in Over-the-hill shanties and dilapidated buildings throughout the island, apparently without rent control as landlords rent dwellings at any rate they fancy."

Adrian Gibson,
Young man's view: Rent control
The Tribune, Friday, February 15, 2023

- (a) (i) From the passage, identify the government agency responsible for rent control.
- _____ [1]

- (ii) Name **ONE** other service offered by the government agency mentioned in (i).
- _____ [1]

- (b) Explain the term "allocation of resources".

_____ [2]

- (c) Using the three situations below, determine the effects of changes in the conditions of supply.

- (i) Changes in input prices.

_____ [2]



- (ii) Changes in taxes and subsidies.

[2]

- (iii) Weather conditions.

[2]

- (d) The following table below shows the demand and supply for a one bedroom apartment in the city of Nassau, New Providence.

PRICE Rent (\$)	QUANTITY DEMANDED (# apartments per month)	QUANTITY SUPPLIED (# apartments per month)
500	30,000	5,000
750	20,000	10,000
1000	15,000	15,000
1250	10,000	20,000
1500	5,000	30,000

- (i) Using the graph paper and the data above, plot the supply and demand curves for the market for rental apartments. [3]

- (ii) Determine the equilibrium price and quantity for rental apartments.

[2]

Suppose the government enacted rent control laws to not exceed \$750 per month.

- (iii) Draw a solid line on your graph at this price/rent and label it “price ceiling”. [1]

- (e) Evaluate the economic effects of rent control in the city of Nassau, The Bahamas.

[illegible]**TOTAL MARKS [20]**