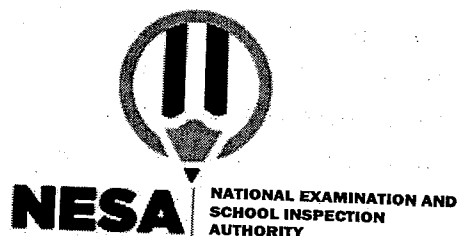


ECONOMICS II

018

28/07/2022 2:00 PM – 5:00 PM



ADVANCED LEVEL NATIONAL EXAMINATIONS, 2021-2022

SUBJECT: ECONOMICS II

PAPER II: APPLICATION OF BASIC PRINCIPLES OF ECONOMICS

COMBINATIONS:

- HISTORY-ECONOMICS- GEOGRAPHY (HEG)
- HISTORY-ECONOMICS- LITERATURE (HEL)
- MATHEMATICS -ECONOMICS- GEOGRAPHY (MEG)
- LITERATURE-ECONOMICS- GEOGRAPHY (LEG)
- MATHEMATICS-COMPUTER SCIENCE-ECONOMICS (MCE)

DURATION: 3 HOURS

INSTRUCTIONS:

- 1) Write your names and index number on your answer booklet as they appear on your registration form and **DO NOT** write your names and index number on additional answer sheets if provided.
- 2) Do not open this question paper until you are told to do so.
- 3) This paper consists of **Two** sections: **A** and **B**.
SECTION A: Attempt **ALL** questions. (55 marks)
SECTION B: Attempt any **THREE** questions. (45 marks)
- 4) Candidates must give explanations with relevant examples where necessary.
- 5) Use only a **blue** or **black** pen.

SECTION A: ATTEMPT ALL QUESTIONS (55 marks)

(5 marks)

1) Choose the correct answer from the following:

a) Scarcity exists because:

- i) Humans wants exceed the resources available to satisfy them.
- ii) Some people make bad economic decisions.
- iii) People take too much leisure time.
- iv) Some individuals have low incomes.
- v) The costs of production are high.

b) Which of the following is NOT considered as a factor of production?

- i) Land
- ii) Entrepreneurship
- iii) Capital
- iv) Labour
- v) Money

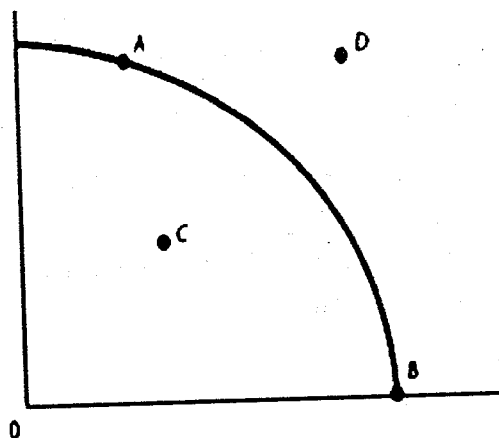
c) Capital, as a factor of production, refers to:

- i) The tools and instruments used to produce other goods and services
- ii) Money, stocks and bonds
- iii) The production factors imported from abroad
- iv) The production technology used by the firm
- v) Stock and bonds but not money

d) Production efficiency is represented by ----- a production possibilities frontier.

- i) A movement along
- ii) All points on
- iii) All points inside
- iv) Only one point on
- v) All points outside

Video tape (millions per year)



Fast food meals (millions per year)

- e) Points D in the above PPF figure is;
- An attainable production combination with unemployed resources.
 - More information is needed to determine which of the above answers is correct
 - A production combination that can be attained once resources are fully employed
 - An unattainable production combination
 - A trade off

2) Explain how the following determine the consumer demand:

a) Individual income

(2 marks)

b) Future expectations.

(2 marks)

3) Match items in column **A** with those in column **B**.

(4 marks)

A	B
1) Land	a) Profits
2) Labour	b) Interest
3) Capital	c) Wages
4) Entrepreneur	d) Rent

4) a) What is meant by the term production function?

(2 marks)

b) Study the information in the table below and then complete it.

(6 marks)

Fixed factor	Variable factor.	TP	AP	MP
6	1	4		
6	2	14		
6	3	27		
6	4	40		
6	5	60		
6	6	72		

5) The following data shows the macroeconomic conditions of a hypothetical economy:

$C=50+0.8Y$, $I=100$; $G=T=75$; Where,

C=Consumption expenditures

I=Private Investment spending

G=Government spending, and

T=Taxes

a) Calculate the equilibrium level of income of the economy.

(2 marks)

b) Find the value of the multiplier.

(2 marks)

- 6) Examine the factors that influence money supply in an economy. (5 marks)
- 7) Explain how the following cause voluntary unemployment: (2 marks)
- a) Presence of target workers. (2 marks)
 - b) Poor working conditions. (2 marks)
 - c) Too much desire for leisure. (1 mark)
- 8) a) What is meant by the term development expenditure? (4 marks)
- b) How can the government reduce public expenditure? (3 marks)
- 9) Give any three systems of payment. (5 marks)
- 10) Give any five characteristics of underdeveloped economies. (5 marks)
- 11) Explain the following types of globalisation: (2 marks)
- a) Economic globalization. (2 marks)
 - b) Technological globalization. (2 marks)
 - c) Sociological globalization. (2 marks)

SECTION B: ATTEMPT ANY THREE QUESTIONS. (45 marks)

- 12) Assess the arguments for and against price mechanism. (15 marks)
- 13) Many entrepreneurs start up their ventures with the view of making profits. If you were an entrepreneur, how would you use the profits gained in your business to contribute to the development process of your country's economy? (15 marks)
- 14) Account for the persistent balance of payment problems (BOP) in developing countries? (15 marks)
- 15) Justify the view that developing economies should adopt devaluation as a tool to bring about economic growth and development. (15 marks)
- 16) If you were the minister of Commerce and Industry, what policies would you put in place to improve industrial development in your country? (15 marks)

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