

NEMMA
#10 D

GOVERNMENT BILINGUAL HIGH SCHOOL YAOUNDE
MOCK EXAMINATION 2021 SESSION
ECONOMICS PAPER III ADVANCED LEVEL
TIME: One and three quarter hrs

Answer any THREE questions, all questions carry equal marks you are advised to spend the first fifteen minutes reading the paper. In calculations you are advised to show all the steps in your working

You are reminded of the necessity for good English and orderly presentation in your answers

- The table below provides information concerning output, revenue and costs which a firm faces in the short run and total revenue faced by the same firm in the long run.

Total fixed cost stands at 80.000frs

SHORT RUN SITUATION			LONG RUN TR(000)
TR(000)	Output (kg)	TVC (000F)	
90	1	50	70
170	2	90	130
240	3	122	180
300	4	148	220
350	5	170	250
390	6	190	270
420	7	202	280
440	8	222	280
450	9	252	270
450	10	302	250

- Determine the equilibrium output and the amount of maximum profit in the short run.
 - Determine the equilibrium output and the amount of maximum profits in the long run
 - State the market situation in which the firm is operating .give reasons
 - State the price below which the firm is expected to wind up production in the short run
- An economy at present has a national income =160.000million FCFA. The following relationships occur



$C = 0.8Y$ disposable

Income Tax = $0.5 Y$

Indirect Tax = $0.1 Y$ (where there are no subsidies)

Import = $0.2Y$

Planned investment = 24000 million

Government spending = 120000 million

Export = 36000 million

For consumption taxation and imports the average and marginal propensities are equal

(a) Explain in terms of injection and withdrawals why the economy is not at present equilibrium

(b) What is the equilibrium income?

(c) The government wishes to achieve a balance of payment. Equilibrium what changes in its own spending will enable this to be achieved? Explain the process of change which is occurring.

3. To employers, a wage is a price paid for labour as a factor of production. To what extent the wage rate in an occupation. Like any other price, depends on demand and supply. The demand for factors is derived from their products. Thus, labour will be in greater demand and is likely to command higher wages if its product is in greater demand but much also depends on supply. If all workers could freely move between jobs, wages will rise and there will be competition for higher paid jobs. If were all capable of being for surgeon or entertainers earning in those occupation soon fall.

Source: K.B marder and L.P Alderson stimulus questions 2nd edition

(a) Name 3 methods of wage determination in Cameroon apart from the forces of demand and supply

(b) Give 3 reasons why two teachers with the same qualification may earn different wages

(c) Give 3 reasons why a surgeon and pilot may earn different wages

(d) Briefly say why wage earnings are different from wage rates

(e) What do you understand by union closed shop

4. The table below shows the indices of export and import prices for a ten year period for a primary economy

Year	Index of export prices	Index of import prices	Tot
1	92	96	
2	94	97	
3	96	95	
4	98	96	
5	100	98	
6	102	100	
7	103	100	
8	105	101	
9	108	103	
10	110	104	

- (a) Calculate the terms of trade(TOT) over the 10 years and briefly comment
 - (b) What could be the likely impact of your figures on the balance of payment (BOP)?
 - (c) Establish a link between terms of trade and balance of payment
5. The number of people in BUEA who buy garri every week is 2000. The demand function for each individual buyer is $Q_d = 12 - P$ At the same time every week there are 200 sellers of garri. The supply function for each individual seller is $Q_s = 20P$
- (a) Find the market demand and market supply functions for garri in the BUEA market
 - (b) Construct the market demand and supply schedule for garri for a price range of 1frs to 5frs per cup
 - (c) Determine the equilibrium price:
 - i) From the schedule
 - ii) From mathematical calculations
 - (d) If the government fixed a minimum price of 5frs per cup
 - i) What quantity of garri must the government buy in Buea to maintain this price
 - ii) Calculate the price elasticity of demand as price changes from the original equilibrium to the minimum price

END- END

