

Answer ALL questions.

Some questions must be answered with a cross in a box . If you change your mind about an answer, put a line through the box and then mark your new answer with a cross .

1 The figure below shows the demand and supply for laptop computers.

Price in \$	Demand per month in 00's	Supply per month in 00's
600	500	350
700	400	400
800	300	450
900	200	500

Figure 1a

Study Figure 1a

(a) (i) What is the equilibrium price of laptop computers? (1)

(ii) At price \$800 there is (1)

- A Excess demand
- B Excess supply
- C Equilibrium
- D No demand

(iii) Define price elasticity of demand. (2)

(iv) When price rises from \$800 to \$900 the price elasticity of demand is (1)

- A Elastic
- B Inelastic
- C Perfectly elastic
- D Normal



(v) With the aid of the data in Figure 1a, explain the answer you gave in (a)(iv).

(3)

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(vi) Kim Chui is a student. He has saved enough money to buy either a laptop computer or a second-hand motor bike. What is the opportunity cost if Kim decides to buy the laptop computer?

(1)

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(b) Figure 1b shows the demand and supply of laptop computers in Jamaica. In 2009 the government of Jamaica announced that it was placing a 16.5% tax on laptop computers.

(i) On Figure 1b show the effect of this tax on laptop computers on price, quantity demanded and quantity supplied.

(2)

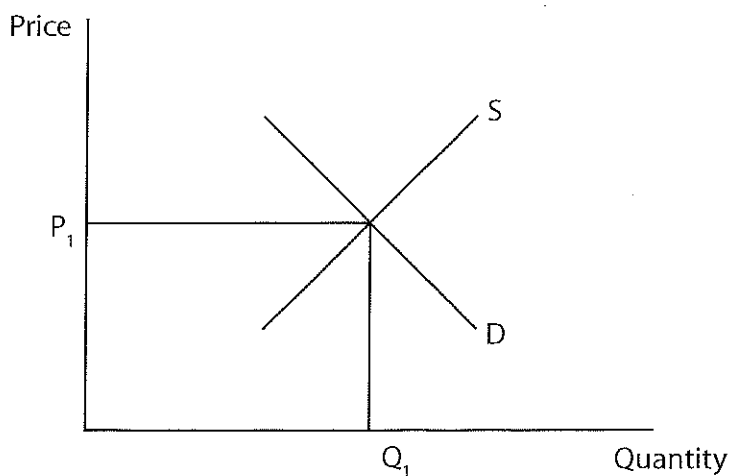


Figure 1b

(ii) Identify and briefly explain **one** other factor besides a sales tax that might change the price of laptop computers.

(2)

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(c) In 2009 the Jamaican government increased the minimum wage rate by 10%.

(i) What is meant by a minimum wage rate?

(2)

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(ii) An increase in the minimum wage rate will benefit only a small number of people in a country. Do you agree with this statement? Give reasons for your answer.

(6)

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(d) (i) With the aid of an example, explain what is meant by the term *division of labour*.

(3)

(ii) Do the advantages of division of labour always outweigh the disadvantages for a firm? Explain your answer.

(6)

(Total for Question 1 = 30 marks)



P 4 0 3 2 9 R A 0 5 2 0

2 (a) (i) Define the term productivity of labour.

(2)

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(ii) Explain **two** ways a firm could increase the productivity of labour.

(4)

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Factors of production are resources used to produce goods and services in an economy.

(iii) State the **two** missing factors of production.

(2)

- 1 Land
- 2 Labour
- 3
- 4

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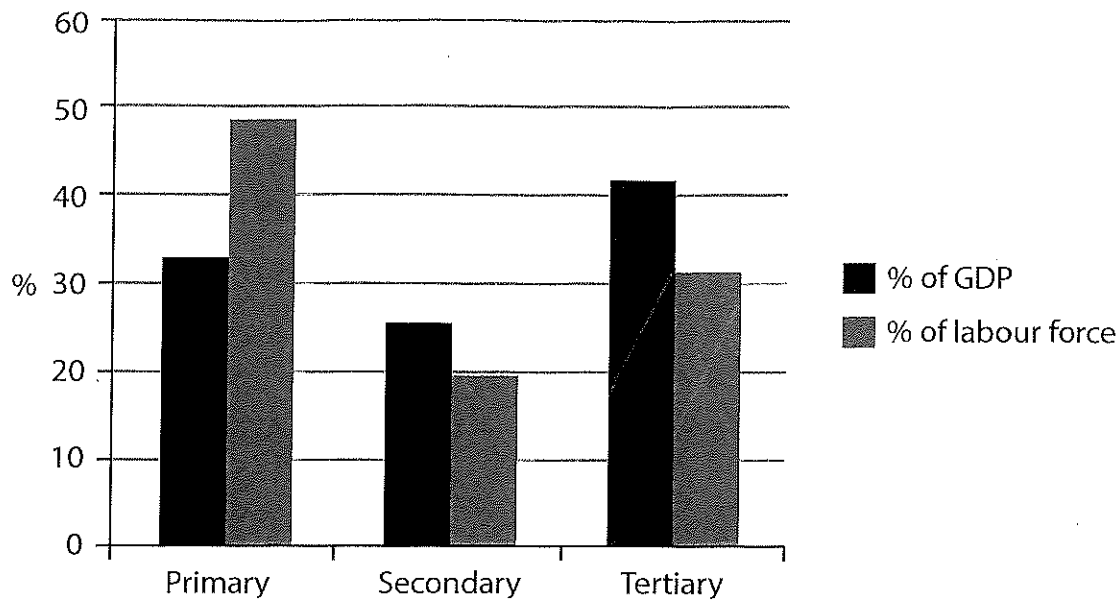
2 b) All economies have three sectors: primary, secondary and tertiary.

(i) Give an example of an occupation in the tertiary sector.

(1)

Figure 2a shows the percentage contribution to Gross Domestic Product (GDP) of each sector of the Cambodian economy and the percentage of the workforce employed in each sector in 2014.

GDP and employment: Cambodia 2014



(Source: <https://www.cia.gov/library/publications/the-world-factbook/geos/cb.html>)

Figure 2a

(ii) In which sector is productivity lowest?

(1)

- A Primary
- B Secondary
- C Tertiary

END OF TEST. TOTAL MARKS: 40