

Answer four questions in all: one question only from Section A and any three questions from Section B.

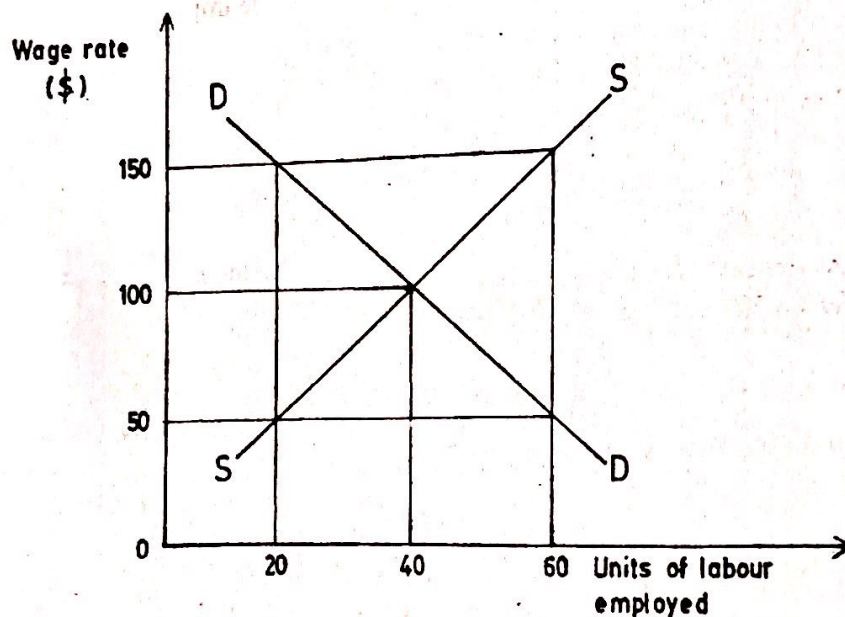
You are reminded of the importance of clarity of expression and orderly presentation of relevant materials.

All questions carry equal marks.

SECTION A

Answer one question only from this section.

1. The diagram below represents the supply of and demand for labour in a competitive market. Study it and answer the questions that follow.



- (a) If a price legislation is imposed in the market, identify the:

- (i) equilibrium wage rate;
(ii) minimum wage rate.

[2 marks]

[2 marks]

- (b) At the minimum wage rate, how many units of labour will be

- (i) demanded?
(ii) supplied?

[2 marks]

[2 marks]

- (c) What will be the effect of the imposed minimum wage rate on:

- (i) total employment? Explain your answer;
(ii) workers already employed? Explain your answer.

[4 marks]

[4 marks]

- (d) (i) Define black market wage rate.

[2 marks]

- (ii) At the wage rate of \$50, will there be excess demand or excess supply of labour, and by what margin?

[2 marks]

Candidate's Name:.....

2. The table below shows a combined information on the terms of trade and balance of trade of a hypothetical country in 2015 and 2016. Use the information to answer the questions that follow.

YEAR	Price index of exports	Exports of goods (\$m)	Price index of imports	Imports of goods (\$m)
2015	98	155.4	101	180.5
2016	96	156.0	102	184.2

- (a) Calculate the terms of trade for:
- (i) 2015; [5 marks]
- (ii) 2016. [3 marks]
- (b) From your answers in 2(a)(i) and 2(a)(ii), has the terms of trade improved or worsened between 2015 and 2016? Explain your answer. [5 marks]
- (c) Calculate the balance of trade for:
- (i) 2015; [3 marks]
- (ii) 2016. [4 marks]
- (d) From your answers in 2(c)(i) and 2(c)(ii), has the balance of trade improved or worsened between 2015 and 2016? Explain your answer. [5 marks]
- (e) Distinguish between *terms of trade* and *balance of trade*. [3 marks]

SECTION B

Answer three questions only from this section.

3. (a) Define *capital*. [2 marks]
- (b) Differentiate between *capital formation* and *capital consumption*. [6 marks]
- (c) Explain how the following factors contribute to low capital formation in West African countries:
- (i) vicious circle of poverty; [3 marks]
- (ii) low savings; [3 marks]
- (iii) wasteful expenditure; [3 marks]
- (iv) high propensity to consume. [3 marks]

4. (a) State the law of supply. [2 marks]
- (b) With the aid of well labelled diagrams, explain the supply of: [6 marks]
- (i) agricultural products in the short run; [6 marks]
- (ii) labour in the long run; [6 marks]
- (iii) mineral resources in the long run.
5. (a) Define population census. [2 marks]
- (b) Explain **three** reasons West African countries may have inaccurate census figures. [9 marks]
- (c) Outline **three** economic implications of a large percentage of dependants in a given population. [9 marks]
6. (a) Define industrialisation. [2 marks]
- (b) Distinguish between import substitution industrialisation and export-led industrialisation. [6 marks]
- (c) Outline **four** measures the government of a country can take to increase exports. [12 marks]
7. (a) Describe the **main composition** and **direction** of most West African countries:
- (i) exports; [4 marks]
- (ii) imports. [4 marks]
- (b) State any **four** reasons for the low volume of trade among West African countries. [12 marks]
8. (a) Define economic integration. [2 marks]
- (b) Explain the following terms:
- (i) free trade area; [3 marks]
- (ii) customs union. [3 marks]
- (c) Outline any **four** features of an economic union. [12 marks]

END OF PAPER