

- (a) State and explain four (04) factors that affect the efficiency of labour. (10 marks)
- (b) State and explain five (05) factors that will determine the supply of labour. (10 marks)

2. Study the table which shows the demand and supply schedules for beans in a local market and answer the questions that follow.

Price (KSh)	Demand (000 cups)	Supply (000 cups)
20	400	20
30	300	50
40	200	110
50	150	150
60	100	200
70	80	300
80	50	350

- (a) What is the equilibrium price and why? (3 marks)
- (b) Calculate the elasticity of supply as price changes from 50KSh to 60KSh per cup. (4 marks)
- (c) State any three (03) factors that affect the elasticity of supply of beans in the local market. (3 marks)
- (d) If the government fixed a price of 40KSh per cup:
- (i) What surplus is given to that price? (2 marks)
- (ii) Explain any four (04) consequences of such a price in (d) above. (8 marks)
3. (a) Differentiate between absolute cost advantage and comparative cost advantage. (4 marks)
- (b) State and explain four (04) restrictions on international trade. (8 marks)
- (c) Explain any four (04) reasons for restrictions on international trade. (8 marks)

4. (a) With the aid of a diagram, differentiate between an optimum population and under population. (8 marks)

(b) The following statistics were extracted from the population census figures of a country A.

Total population	1,500,000 people
Total number of births	500,000 babies
Total number of deaths	300,000 people
Number of immigrants	200,000 people
Number of emigrants	300,000 people

- (i) Calculate the birth rate of country A. (3 marks)
- (ii) Calculate the natural growth rate of the country. (5 marks)
- (iii) Determine the country's population growth rate. (4 marks)

5. (a) State and explain five (05) economic advantages for the proposed construction of a cement factory in Limbe. (10 marks)

(b) State and explain five (05) factors that will determine the level of Economic Growth in a country. (10 marks)

6. (a) State and explain any four (04) reasons of taxation. (8 marks)
- (b) State and explain any three (03) advantages of direct taxes. (6 marks)
- (c) State and explain any three (03) disadvantages of indirect taxes. (6 marks)

7. (a) Explain any four (04) characteristics of a capitalist economic system. (10 marks)
- (b) State and explain any four (04) disadvantages of a free market economic system. (10 marks)

8. (a) Define:
- (i) Money. (2 marks)
- (ii) Trade by barter. (2 marks)
- (b) Explain four (04) limitations of trade by barter. (8 marks)
- (c) Explain four (04) ways by which the introduction of money has solved the problem of barter? (8 marks)