



# ST. FRANCIS SECONDARY SCHOOL SPECIMEN ANNUAL EXAM

**FORM 4**

**ECONOMICS**

**TIME: 2 HOURS**

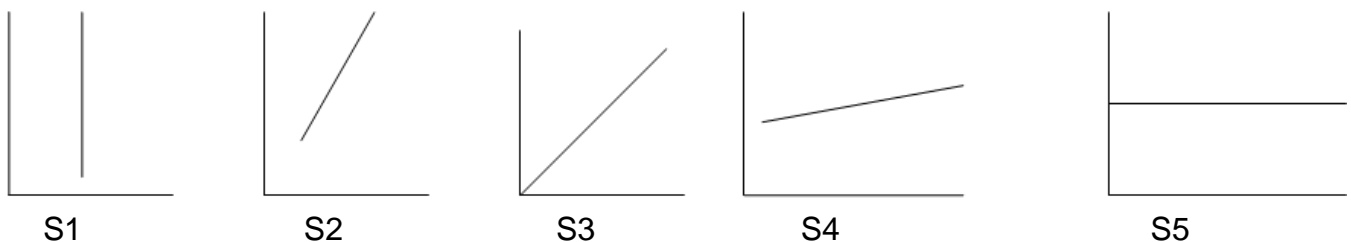
**Answer any FOUR questions**

1. a. Define price elasticity of supply . Include the formula in your answer (3)
- b. With reference to the Table 1 below, measure the price elasticity of supply of a particular commodity when its price rises from 40c to 50c. (3)

Table 1

Price (in cents)	30	40	50	60	70
Quantity supplied	250	350	550	550	650

- c. Outline the factors that affect price elasticity of supply for a particular good. (5)
- d. For each of the supply diagrams below state the type and the value or range of values of elasticity of supply. (5)



- f. Table 2 provides information about the price elasticity of demand and income elasticity of demand for public transport

Table 2: Elasticities of public transport

Price elasticity of demand	(-) 0.1216
Income elasticity of demand	- 0.9573

- (i) List two factors (apart from the price of bus tickets) that influence the demand for public transport in Malta. (2)
- (ii) Given the data above, is the demand for public transport price inelastic or elastic? Explain your answer. (2)
- (iii) Give reasons why you think that the demand for public transport has this type of price elasticity. (2)
- (iv) Given the data above, from the economist's point of view, is public transport a normal or an inferior commodity? Explain your answer. (3)

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- 2 . a. Perfect Competition and Monopoly are two types of market structures. What is the difference between them? (8)
- b. Discuss two natural barriers and two artificial barriers created by a monopolist to prevent competition. (6)
- c. Monopolies are often associated with anti-competitive practices. What are the dangers of having monopolies and what measures can governments take to restrict such practices? (9)
- d. In a competitive setting, how do firms manage to attract demand for their product? (2)

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3. Discuss the main functions of the following institutions in Malta
- (a) Malta Financial Services Authority
  - (b) Malta Stock Exchange
  - (c) Central Bank of Malta
- (25 marks)

4. a. What do you understand by a Labour Market? (2)
- b. What do we mean when we say that demand for labour is a derived demand? (3)
- c. Why is the supply curve of an individual worker backward bending? (4)
- d. What is productivity? (3)
- e. How is productivity of labour measured? (3)
- f. Why do firms want to raise productivity? (4)
- g. Suggest ways how firms can raise the productivity of labour. (6)
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5. a. What do you understand by 'inflation'? (2)
- b. What are the causes of inflation? (6)
- c. What are the effects of inflation? (8)
- d. Discuss the policies that government may take to deal with inflation (9)
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6. a. What is a population census? Why is it held? (3)
- b. Define "dependent population". What does the "dependency ratio" show? How is this measured? (5)
- c. Define "ageing population" and state how it is brought about. (6)
- d. Explain briefly two economic consequences of an ageing population. (4)
- e. What can you say about the way occupational distribution has changed over the years in Malta and how do you think it is going to change over the next 20 years. (5)
- f. What is meant by the term "overpopulation" (2)
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7. ***"HSBC Bank Malta plc share price ended the week in negative territory, closing yesterday's session at €3.47, hence down by 0.86 per cent at €0.03 on the week. A total of 171,381 shares were traded."***

*Times of Malta Feb 12, 2011*

- a. Which type of company issues shares to the public. (2)
- b. Give one advantage and one disadvantage of this type of business organisation (4)

- c. Is this type of company, a firm in the private sector or in the public sector? Give reasons for your answer (5)
  - d. What is meant by the term limited liability in the case of companies (4)
  - e. Mention three other types of business organisations in the private Sector of Malta's economy (5)
  - f. Explain two features of public companies that make them different to private companies. (5)
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8. Write notes on the following

- a)** Franchising
- b)** Nationalisation
- c)** Barriers to Mobility of Labour
- d)** Sole Trader
- e)** Diseconomies of Scale (5 marks each)

**Good Luck !**