

SIR ARTHUR LEWIS COMMUNITY COLLEGE
DIVISION OF TECHNICAL EDUCATION AND MANAGEMENT STUDIES

DTEMS PAST PAPERS

MANAGEMENT STUDIES

EXAMINATION SESSION : April – May 2011 Examinations

TUTOR : Mr. Stephen Auguste

PROGRAMME TITLE : Food and Beverage Operations
Hospitality Studies
Travel and Tourism Operations

PROGRAMME CODE : 3HS-FAB-AD
3HS-HOS-AD
3HS-TAT-AD

COURSE TITLE : Economics 1A

COURSE CODE : ECO106

DURATION : 2 hours

DATE : Wednesday 27th April, 2011

ROOM : HOS-R1

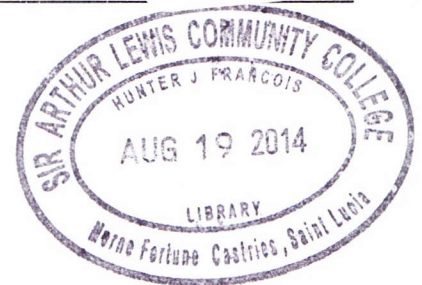
INVIGILATOR(S) : T. Monrose, R. Isaac



#E4

Instructions:

- SECTION A** - Multiple Choice
Answer **all** questions in this section
- SECTION B** - Matching Concepts
Answer **all** questions in this section
- SECTION C** - Short Answer Questions
Answer **any three (3)** questions in this section



- Students are advised to use a pen to write this examination.
- Write your ID Number on each answer sheet
- All cell phones must be turned off during the examination.
- **Note:** Bags, books as well as writing paper not given by the invigilator should be deposited at the front of the examination room or as otherwise indicated.
- Students must sign **IN** and **OUT** on the examination class list.

MULTIPLE CHOICE – Answer all questions in this section

(20 marks)

1. All the following are factors of production except:
 - a. land
 - b. economic growth
 - c. labour
 - d. capital

2. In the centrally planned economy:
 - a. the private profit making motive is removed
 - b. capital and land is owned by the private sector
 - c. decision about what and how to produced is made by consumer
 - d. there is a free and competitive market

3. Labour as a factor of production includes all the following except:
 - a. financial risk capital
 - b. skilled labour
 - c. unskilled manual labour
 - d. mental ability of an accountant

4. Micro economics deals with the study of:
 - a. employment
 - b. inflation
 - c. consumer behavior
 - d. balance of payment

5. In a perfectly free and competitive Market the selling price of commodities are determine by the interaction of:
 - a. employment and inflation
 - b. supply and demand
 - c. wholesalers and retailers
 - d. factors of production

6. Which of the following is not a feature of the perfect competition market?
 - a. homogeneous product
 - b. free entry and exit
 - c. product information
 - d. just one supplier

7. A major distinction between a good and a service is that a service must be:
 - a. tangible in character
 - b. solid in retail store
 - c. bought only by the consumer
 - d. intangible in character

8. In which factor of production will you include marine resources?
 - a. capital
 - b. land
 - c. labour
 - d. enterprises

9. In a mixed economy resources are allocated by:
 - a. the government alone
 - b. the firm alone
 - c. consumers alone
 - d. the government, firm and consumers

10. Which of the following is considered a good?
 - a. a visitor to the doctor
 - b. a commercial bank paying your utility bill on your behalf
 - c. an operator assisted telephone call
 - d. a soft drink purchased at the school cafeteria

11. What type of economic system exists in most Caricom countries?
 - a. capitalist
 - b. mixed
 - c. socialist
 - d. centrally planned

12. An essential fixture of a capital good is that it:
 - a. is consumed directly by the consumer
 - b. is used to produced other goods
 - c. must be purchased through a loan
 - d. must be replaced frequently

13. The movement along the demand curve results from change from:
 - a. taste
 - b. supply
 - c. income
 - d. price

14. A market structure in which there any many buyers and many sellers and here the products are identified by their brand name is known as:
 - a. a monopoly
 - b. perfect competition
 - c. an oligopoly
 - d. a monopolistic competition

15. Which of the following could increase the price elasticity of supplies of a product?
 - a. a change in consumer preferences
 - b. an increase in the price of complements
 - c. an increase in income
 - d. an increase in the time period under consideration

16. GDP is in equilibrium when:
 - a. the balance of payments is in equilibrium
 - b. the government achieves a balanced budget
 - c. total planned expenditure is maximized
 - d. there is no tendency for GDP to change

17. Which of the following is a macroeconomics policy objective?

a. privatization	b. low employment
c. low inflation	d. the elimination of price discrimination

18. Which of the following would be likely to raise government expenditure?
 - a. an ageing
 - b. a rise in employment
 - c. a fall in the rate of interest
 - d. a decrease in the school leaving age

19. A tax is regressive when:
 - a. marginal tax rates exceed average tax rates
 - b. there is a wider range in pre-tax than post-tax icomes
 - c. the cost of collecting the tax exceeds the tax revenue raised
 - d. low income earners pay a higher proportion of their income in tax than high income earners

20. Which is an advantage of a planned economy?
 - a. existence of incentives
 - b. encouragement of completion
 - c. full employment of resources
 - d. quick responses to change in consumer demand

SECTION B

Insert the appropriate letter of the concept next to the item number of the key term.

<u>Key Terms</u>	<u>Concepts</u>
----- i. Direct relationship	a. The lowest price above equilibrium establishment by law.
----- ii. Economic Growth	b. Depicted by the upward sloping nature of the supply curve.
----- iii. Opportunity Cost	c. The increase in output from using one more unit of output.
----- iv. Scarcity	d. The price paid for labour services.
----- v. Capital	e. The expansion in production possibilities that result from increased availability and increased productivity of economics resources
----- vi. Complements	f. The equipment structures and materials created to help in the production of goods and services.
----- vii. Free Good	g. Prevail when AC in the long run does not increase or decrease.
----- viii. Price Ceiling	h. Commodities that have positive income elasticity.
----- ix. Rationing	i. Choosing to use resources for one purpose measured in term of the sacrifice of the next best alternative for using those resources.
----- xi. Price Floor	k. Government as well as business firms provide goods and services
----- xii. Mixed Economy	l. Goods whose use together enhances the satisfaction of a consumer obtains from each.
-----xiii. Perfect Competition	m. Its quantity demanded does not exceed its quantity supplied at a zero price.
----- xiv. Normal Goods	n. Device that distributes available commodities on a basis other than willingness to pay.
----- xv. Implicit Costs	o. The imbalance between the desires of people in a society and the means of satisfying those desires.
----- xvi. Fixed Costs	p. Establishes a maximum price below equilibrium that can legally be charged for a commodity.
----- xvii. Constant Returns to Scale	q. There are no restrictions that prevent buyers and sellers from entering or leaving a market
----- xviii. Short Run	r. Do not vary as a firm varies its output.
----- xix. Economics of Scale	r. Reduction in unit cost resulting from increased size of operations.
----- xx. Marginal Product	s. Owner-supplied resources to which a cash value must be imputed.

(20 marks)

SECTION C – Answer any three (3) questions in this section

1. (a) Outline five external factors that can negatively impact the tourism trade of St. Lucia. **(5 marks)**
(b) Differentiate between ‘goods’ and ‘service’ and list two (2) examples of each. **(5 marks)**
2. Briefly discuss the importance of tourism to the St. Lucian economy. **(10 marks)**
3. Explain four (4) factors which influence the demand for a commodity. **(10 marks)**
4. Explain four (4) factors which determine price elasticity of demand of a commodity. **(10 marks)**
5. Explain how equilibrium price and quantity are determined in a free market for a normal good. Use diagram(s) to illustrate. **(10 marks)**
6. Discuss the impact of the World Trade Organisation (W.T.O.) ruling on the success of the banana industry in St. Lucia. **(10 marks)**

END OF EXAMINATION