



NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE, HUMAN SCIENCE AND EDUCATION
DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE

QUALIFICATION: BRIDGING PROGRAM	
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COURSE CODE: ITE411S	COURSE NAME: INTRODUCTION TO ECONOMICS
SESSION: JULY 2023	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

2ND OPPORTUNITY EXAMINATION QUESTION PAPER	
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INSTRUCTIONS
1. This question paper is made up of Five (5) sections. 2. Answer Section A and B on the attached answer sheet 3. Write each question on a separate page in your answer booklet 4. Write neatly and legibly

THIS QUESTION PAPER CONSISTS OF 14 PAGES (Including this front page)

SECTION A

20 MARKS

Instructions:

- Read all questions carefully
 - Answer all questions
 - All answers should be on the answer sheet provided on page 12. Tear the page off and place it inside your examination script.
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QUESTION 1

[20 marks]

1.1. Economics is the study of:

[1 mark]

- A. How to increase economic growth.
- B. How resources should be allocated.
- C. How to ensure resources are shared equally.
- D. How society allocates scarce resources in order to maximize welfare.

1.2. A factor of production, capital, includes:

[1 mark]

- A. Money
- B. Computers
- C. An overdraft
- D. A mortgage.

1.3 All point on the production possibility curve show efficiency because

[1 mark]

- A. Output is distributed equally.
- B. the economy is producing the combination of output that the consumers demand.
- C. the economy has reached its fully long term potential.
- D. the economy is producing at full current capacity.

1.4 The Law of Demand is a _____.

[1 mark]

- A. qualitative statement
- B. quantitative statement
- C. both a and b are correct
- D. both a and b are incorrect

1.5 When the price of coffee rises, the demand for tea _____.

[1 mark]

- A. falls
- B. rises
- C. stays the same
- D. none of the above

1.6 Elasticity of demand is a _____.

[1 mark]

- A. qualitative statement
- B. quantitative statement
- C. both a and b are correct
- D. both a and b are incorrect

1.7 Which of the following statements is true about consumer behavior?

[1 mark]

- A. Consumer behavior is the study of microeconomics
- B. Consumer behavior is the study of macroeconomics
- C. Consumer behavior is the study of income analysis
- D. None of the above

1.8 An increase in the number of restaurants serving fast-food leads to _____.

[1 mark]

- A. Growth in the demand of fast-food meals
- B. Increase in the supply of fast-food meals
- C. Increase in the price of fast-food meals
- D. Growth in the demand for substitutes of fast-food meals

1.9 Which of the following best captures the idea of the fundamental economic problem?

- A. limited wants and limited resources
- B. lack of demand for limited resources
- C. Unlimited resources and unlimited wants
- D. limited resources and unlimited wants

1.10 The table below shows the production possibilities of Country X for two goods. What is the opportunity cost of increasing wool production from point D to E in Country X?

	Apples(tons)	Wool (bales)
A	500	0
B	400	4000
C	300	8000
D	200	12 000
E	100	16 000
F	0	20000

- A. 400 tons of apples
- B. 200 tons of apples
- C. 100 tons of apples
- D. 4000 tons of apples

1.11 Production is a function of:

[1 mark]

- A. factors
- B. prices
- C. costs
- D. profits

1.12 Marginal product is....

[1 mark]

- A. annual output of the most efficient firm in the industry

- B. what is left the entrepreneurs after he has paid all the expenses
- C. the extra output obtain form employing an additional unit of factors
- D. what is produced when all factor of production are employed at optimum efficiency

1.13 The study of consumer behavior is mainly concerned with: [1 mark]

- A. knowing about the ways that people spend their money. incorrect
- B. predicting the choices people will make in supermarkets. incorrect
- C. Understanding how individuals or groups acquire, use and dispose of products, services, ideas or experiences.
- D. testing what people think of advertisements. incorrect

1.14 In a perfect market, price and quantity to be bought are determine by? [1 mark]

- A. producers and wholesalers
- B. consumers and retailers
- C. forces of demand and supply
- D. interest of government and sellers

1.15 Nominal GDP is: [1 mark]

- A. the sum of all monetary transactions that occur in the economy in a year.
- B. the sum of all monetary transactions involving final goods and services that occur in the economy in a year.
- C. the amount of production that occurs when the economy is operating at full employment.
- D. money GDP adjusted for inflation.

1.16 GDP can be calculated by summing up: [1 mark]

- A) Consumption, investment, government purchases, exports, and imports.
- B) Investment, government purchases, consumption, and net exports.
- C) Consumption, investment, wages, and rents.
- D) Consumption, investment, government purchases, and import

1.17 A man is fired from his job because he was late for work too many times. While he is searching for another job he would be classified as_____ [1 mark]

- A. structurally unemployed.
- B. not in the labor force because his employer had a legitimate reason for firing him.
- C. cyclically unemployed.
- D. frictionally unemployed

1.18 An increase in the general price level is known as: [1 mark]

- A. inflation
- B. stagflation.
- C. deflation.
- D. recession

1.19 The following are characteristics of money except: [1 mark]

- A. Durability
- B. Accountability
- C. Manageability
- D. Acceptability

1.20 The labor force includes those people with a job and.... [1 mark]

- A. those people who are looking for work.
- B. those people training for a job.
- C. those people who formerly worked and are now retired.
- D. homemakers.

SECTION B

20 MARKS

Instructions:

- Read all questions carefully
 - Answer all questions
 - All answers should be on the answer sheet provided on page 13. Tear the page off and place it inside your examination script.
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QUESTION 1

[20 marks]

- 1.1 Scarcity of resources is a problem mainly experienced by developing countries. T/F [1 mark]
- 1.2 When we talk about demand in economics, we are referring to the quantity of something that people actually buy given their level of income. T/F [1 mark]
- 1.3 If the price of coffee, a substitute for tea in consumption, increases, we would expect the equilibrium quantity of tea to decrease. T/F [1 mark]
- 1.4 According to the law of demand, a rise in price causes more of that good to be demanded in larger quantities. T/F [1 mark]
- 1.5 Price elasticity of demand is used to know how consumers respond through a change in quantity due to a change in the price of a particular product or service. T/F [1 mark]
- 1.6 A two – sector circular flow model consists of only households and their dependants counted as a two sub groups in the economy. T/F [1 mark]
- 1.7 A well-functioning capitalistic economy requires private property enforced by law. T/F [1 mark]
- 1.8 If a country is producing on its production possibility curve, then it cannot produce more of one good without reducing resources from the production of the other good. T/F [1 mark]
- 1.9 A librarian is not considered as a factor of production. T/F [1 mark]
- 1.10 The relationship between quantities supplied and price move in indirect direction. T/F [1 mark]
- 1.11 Total revenue is simply calculated by dividing marginal revenue by quantity. T/F [1 mark]

- 1.12 The change in total product resulting from a change in a variable input is average product. T/F [1 mark]
- 1.13 Average fixed cost is defined as the ration of total cost to the amount of fixed input. T/F [1 mark]
- 1.14 Deflation is the highest form of inflation that a country will experience before a recession. T/F [1 mark]
- 1.15 A closed economy is an economy where there are only two actors, namely firms and households. T/F [1 mark]
- 1.16 Any reduction of the resources of a country will reduce the production capacity of that country and will shift the PPC inward. T/F [1 mark]
- 1.17 Utility or consumer satisfaction is a subjective view. T/F [1 mark]
- 1.18 Diminishing marginal returns is when a consumer enjoys more and more of a product and each additional unit provides him/her with less satisfaction. T/F [1 mark]
- 1.19 The demand curve for a monopolist is the normal down-sloping demand curve. T/F [1 mark]
- 1.20 A monopolist is a price taker because they accept whatever the customers are willing to pay for the good or services. T/F [1 mark]

SECTION C

20 MARKS

QUESTION 1

[8 marks]

1.1 Define the following concepts in economics terminology.

- a) Macroeconomics [2 marks]
- b) Free market economic system [2 marks]
- c) Marginal utility [2 marks]
- d) The scarcity problem [2 marks]

QUESTION 2

[12 marks]

2.1 List four market structures and give one feature of each one of them [8 marks]

2.2 Which of the following decision would be described as a branch of microeconomics or macroeconomics? [4 marks]

Decision	Microeconomics or Macroeconomics
a) A firm's decision whether or not to expand their production facility of motor cars	
b) Breda and her 4 friends' decision to go work outside the country so that they can send money to their families	
c) Changes in the total supply of goods and services in the economy	
d) The combined outcome of the decision of all consumers in the country	

SECTION D

20 MARKS

QUESTION 1

[10 marks]

- 1.1 Draw and label a demand curve for a competitive price taking firm. [5 marks]
- 1.2 Refer to the market schedules below and draw a market equilibrium curve which shows the equilibrium price and equilibrium quantity. Label them correctly [5 marks]

Table 1: market schedule

Price	Quantity Supplied	Quantity Demanded
1	200	1000
2	400	800
3	600	600
4	800	400
5	1000	200

QUESTION 2

[10 marks]

- 2.1 Describe how each of this type of unemployment affects the labour force.
- a) frictional unemployment [2 marks]
 - b) cyclical unemployment [2 marks]
 - c) structural unemployment [2 marks]
- 2.2 Use the above information in the table below, draw and label the Production Possibility Curve for the two combinations given , indicate the different points that you can find in your diagram. [4 marks]

Table 2: Production possibility curve

Choice	Maize (Y- axis)	Table grapes (X- axis)
A	50	0
B	47	1
C	42	2
D	32	3
E	20	4
F	0	5

SECTION E

20 MARKS

QUESTION 1

[11 marks]

- 1.1 Use the following statistics to calculate the GDE and the GDP (expenditure on GDP) according to the expenditure method:

[6 marks]

	N\$ (millions)
Exports of goods and services	91 578
Change in inventories	3 603
Final consumption exp by households	265 392
Imports of goods and services	75 917
Final consumption exp by government	85 551
Gross fixed capital formation	62 01

- 1.2 Describe five functions that commercial banks are mandated to perform in carrying out their mandate.

[5 marks]

QUESTION 2**[15 MARKS]**

2.1 Copy the table below into your answer book and fill in the missing columns.[9 marks]

Table 3: Costs

Output (Q)	Total fixed cost N\$	Total variable cost N\$	Total cost N\$	Average variable cost N\$	Average (total) cost N\$	Marginal cost N\$
0	50	0	50	-	-	-
3	50	33	88			
4	50	50	100			
9	50	100	150			
10	50	108	158			
16	50	150	200			
17	50	155	205			

Student number:.....

ANSWER SHEET FOR SECTION A

Mark the correct answer with an X.

	A	B	C	D
1.1				
1.2				
1.3				
1.4				
1.5				
1.6				
1.7				
1.8				
1.9				
1.10				
1.11				
1.12				
1.13				
1.14				
1.15				
1.16				
1.17				
1.18				
1.19				
1.20				

Student number:.....

ANSWER SHEET FOR SECTION B

Mark the correct answer with an X.

	TRUE	FALSE
1.1		
1.2		
1.3		
1.4		
1.5		
1.6		
1.7		
1.8		
1.9		
1.10		
1.11		
1.12		
1.13		
1.14		
1.15		
1.16		
1.17		
1.18		
1.19		
1.20		