

Economics I

017

15 Nov.2012 2pm - 5pm

REPUBLIC OF RWANDA



RWANDA EDUCATION BOARD (REB)

ADVANCED LEVEL NATIONAL EXAMINATIONS 2012

SUBJECT : ECONOMICS

PAPER I : BASIC PRINCIPLES OF ECONOMICS

COMBINATION(S): HISTORY- ECONOMICS-GEOGRAPHY : HEG

HISTORY- ECONOMICS-LITERATURE : HEL

LITERATURE- ECONOMICS-GEOGRAPHY : LEG

MATHEMATICS-ECONOMICS-GEOGRAPHY: MEG

MATHEMATICS-COMPUTER-SCIENCE-ECONOMICS: MCE

PHYSICS-ECONOMICS-MATHEMATICS: PEM

DURATION: 3 HOURS

INSTRUCTIONS:

This paper consists of **TWO** sections **A** and **B**.

Section A: Answer **ALL** questions. **(55 marks)**

Section B: Answer **any THREE** questions of your choice. **(45 marks)**

SECTION A: Attempt all questions (55 marks)

1. a) What are the three fundamental economic problems? (3 marks)
b) Give four reasons to explain the importance of studying Economics? (4 marks)
2. Giving examples of each differentiate between merit and demerit goods. (4 marks)
3. What do you understand by:
a) Scale of preference? (1 mark)
b) Aggregate supply? (1 mark)
4. a) Differentiate between open market and free market. (2 marks)
b) Market is classified into market type and market structure,
Put the following markets into the above classifications: (2 marks)
i) Market for beans
ii) Perfect market
iii) Capital market
iv) Market for shoes
c) Give four disadvantages of a Monopolistic competition market. (4 marks)
5. a) What are distinctive features of capital? (3 marks)
b) Give the distinguishing features between a variable and fixed factor of production. (2 marks)
6. a) What is:
i) Trade gap? (1 mark)
ii) Supra-National Organizations? (1 mark)
b) Give any four ways by which countries restrict trade among themselves. (4 marks)
7. a) Explain how the use of money has solved the problem of barter trade system. (4 marks)

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- b) Give any three qualities that money must possess in order to perform its functions. **(3 marks)**
8. a) Giving any three examples, explain what you understand by external economies of scale. **(4 marks)**
b) What three advantages does a firm which practices division of labour enjoy? **(3 marks)**
9. a) What do you understand by piece wage system and what is its main objective? **(2 marks)**
b) Mention any two advantages and two disadvantages of piece wage system. **(4 marks)**
10. a) What is meant by the tax structure of a country? **(1 mark)**
b) Differentiate between an income and a consumption tax. **(2 marks)**

SECTION B: ANSWER ANY THREE QUESTIONS OF YOUR CHOICE/45MARKS

11. a) What is technological unemployment? **(1 mark)**
b) Give reasons why developing countries have failed to create adequate employment opportunities in industrial sector. **(8marks)**
c) How is the government of Rwanda trying to create and maintain employment levels? **(6 marks)**
12. a) What is the role of price in free market economy? **(5 marks)**
b) Agriculture is the back-bone of the economies of developing countries. Explain briefly the effects of price fluctuation of agricultural products on their economies. **(7 marks)**
c) Suggest and explain three measures which should be taken by the government of Rwanda to encourage commercial agriculture. **(3 marks)**