

**CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD**

General Certificate of Education Examination

**0525 ECONOMICS 1**

**JUNE 2017**

**ORDINARY LEVEL**

<b>Centre Number</b>	
<b>Centre Name</b>	
<b>Candidate Identification No.</b>	
<b>Candidate Name</b>	

**Mobile phones are NOT allowed in the examination room.**

**MULTIPLE CHOICE QUESTION PAPER**

**One and a half hours**

***INSTRUCTIONS TO CANDIDATES***

*Read the following instructions carefully before you start answering the questions in this paper. Make sure you have a soft HB pencil and an eraser for this examination.*

1. USE A SOFT HB PENCIL THROUGHOUT THE EXAMINATION.
2. DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO.

*Before the examination begins:*

3. Check that this question booklet is headed "0525 Economics 1 - Ordinary Level"
4. Fill in the information required in the spaces above.
5. Fill in the information required in the spaces provided on the answer sheet **using your HB pencil:**  
**Candidate Name, Exam Session, Subject Code, Registration Centre Number and Candidate Number.**  
Take care that you do not crease or fold the answer sheet or make any marks on it other than those asked for in these instructions.

*How to answer the questions in this examination*

6. Answer **ALL** the 50 questions in this Examination. All questions carry equal marks.
7. Each question has FOUR suggested answers: **A, B, C** and **D**. Decide on which answer is appropriate. Find the number of the question on the Answer Sheet and draw a horizontal line across the letter to join the square brackets for the answer you have chosen.  
For example, if C is your correct answer, mark C as shown below:  
**[A] [B] [C] [D]**
8. Mark only one answer for each question. If you mark more than one answer, you will score a zero for that question. If you change your mind about an answer, erase the first mark carefully, then mark your new answer.
9. Avoid spending too much time on any one question. If you find a question difficult, move on to the next question. You can come back to this question later.
10. Do all rough work in this booklet using the blank spaces in the question booklet.
11. **At the end of the examination, the invigilator shall collect the answer sheet first and then the question booklet. DO NOT ATTEMPT TO LEAVE THE EXAMINATION HALL WITH ANY.**

*Turn Over*

1. Which of the following is an internal method through which firms can grow?

- A Plough back profit
- B Vertical integration
- C Horizontal integration
- D Lateral integration

2. Study the table and answer the question that follows

Year	2010	2011	2012	2013
<b>Index of export prices</b>	100	92	97	130
<b>Index of import prices</b>	100	94	94	110

In which year did this country experience an unfavorable terms of trade?

- A 2010
- B 2011
- C 2012
- D 2013

3. Which of the following is the condition necessary for a business unit to be considered as a "corporate body"?

- A Should show prove of cooperation amongst shareholders
- B Should possess valuable business license
- C Should possess the certificate of incorporation
- D Can sell shares to members of the public

4. A teacher of Economics in Buea becomes a banker in a commercial bank in Buea. This is an example of:

- A Horizontal mobility of labour
- B Vertical mobility of labour
- C Geographical mobility of labour
- D Occupational mobility of labour

5. Use this passage and answer question 5.  
On the 1<sup>st</sup> January 2012, the population was 400,000 inhabitants. During the year, the number of births were 18,000 and 10,000 deaths were recorded.

The natural growth rate is:

- A 2 per 1000
- B 2 per 100
- C -2 per 100
- D -2 per 1000

6. The most acceptable economic reason for trade protection is to:

- A Improve the standards of living
- B Offering a wider market for home produced goods
- C Improve the rate of unemployment
- D Protect newly established industries

7. When the price of good A increases and the quantity of good B increases, goods A and B are said to be:

- A Inferior goods
- B Complementary goods
- C Close substitutes
- D Goods of ostentation

8. The exchange of goods between Cameroon and France is:

- A Specific trade
- B Bilateral trade
- C Multilateral trade
- D Direct trade

9. The grouping of population into male and female is:

- A Sex distribution
- B Age distribution
- C Population distribution
- D Population pyramid

10. X's age is three times Y's age, if Y is 5 years now, Their mean age is:

- A 15 years
- B 20 years
- C 5 years
- D 10 years

11. A country's index of import prices in 2009 was 50 and the index of export prices was 70. What is the terms of trade?

- A 0.71
- B 71
- C 1.4
- D 140

12. In calculating the National Income of a country, the national income statisticians include the costs of raw materials and the costs of finished goods. This is a case of:

- A Over repetition
- B Double counting
- C Over estimation
- D Double estimation

13. In the circular flow diagram of National Income, the word K. indicates:



- A The flow of output  
 B Payments for factors of production  
 C The flow of capital goods  
 D Payments for goods and services
- 
13. If Cameroon's National Income is estimated to be 790,900 million FCFA and its population is about 8 million people. What will be the per capita income?
- A 6,327,200FCFA  
 B 790,892FCFA  
 C 790,908 FCFA  
 D 98,862.5 FCFA
- 
15. The theory of Comparative Costs Advantage states that a commodity should be produced in the country whose:
- A Absolute money costs is low  
 B Opportunity costs is least  
 C Production potential increases  
 D Absolute costs is least

16. Study the information in this table on the cost of Producing cars and answer question 16

Output(Numbers of cars)	Total Costs(in million FCFA)
0	50
1	70
2	80

- What is the average cost of producing the second car?
- A 25million FCFA  
 B 30million FCFA  
 C 40million FCFA  
 D 35million FCFA
- 
17. The most risky form of capital in a company is:
- A Ordinary shares  
 B Preference shares  
 C Debentures  
 D Cumulative preference shares

18. In a market economic system, most resources are owned by:
- A The state  
 B Private individuals  
 C The government and individuals  
 D The public sector

19. What is the market price when quantity demanded is  $400-p$  and quantity supplied is  $40+p$ , where  $p$  = price of the good in FCFA
- A 40 FCFA  
 B 360FCFA  
 C 400FCFA  
 D 180FCFA

20. What do people achieve when they consume goods and services?
- A Prestige  
 B Self-esteem  
 C Utility  
 D Honour

21. When large firms buy and sell in bulk, they experience
- A Marketing economies  
 B Financial economies  
 C Welfare economies  
 D Risk bearing economies

22. To perform its function of being a store of wealth and standard of deferred payments, money must be:
- A Durable  
 B Portable  
 C Stable in value  
 D Scarce

23. An example of a regressive tax is:
- A Personal income tax  
 B Value added tax  
 C Corporation tax  
 D Poll tax

24. The farming type practiced by C.D.C and PAMOL is called:
- A Mixing farming  
 B subsistence agriculture  
 C Cooperative agriculture  
 D Plantation agriculture

25. If the death rate of country X is 25 per thousand and the birth rate is 50 per thousand, the natural growth rate is:
- A 25‰  
 B 25 %  
 C 2.5%  
 D 2.5‰

Turn Over

26. Public expenditure on services such as education and health are known as expenditure on:  
 A Public services  
 B Administrative services  
 C Social services  
 D Economic services
- 
27. Which is a form of indirect government intervention in the Cameroon economy:  
 A Physical policy  
 B Fiscal policy  
 C Price control policy  
 D Regulating hire purchase policy
- 
28. If government revenue from taxation is more than her expenditure, it is referred to as:  
 A Budget deficit  
 B Balanced budget  
 C Programmed budget  
 D Budget surplus
- 
29. CAMTEL, MTN and Orange communication companies in Cameroon are appropriate examples of which structure of production?  
 A Direct production  
 B Secondary production  
 C Tertiary production  
 D Indirect production
- 
30. An ad valorem tax is imposed on:  
 A Special goods  
 B The value of a good  
 C Imports  
 D Exports
- 
31. The full meaning of COBAC is:  
 A The Banking Commission of Central African States  
 B Centra] Africa Banking Commission C Central Commission of African States Banking  
 D The Banking Commission of Central Africa
- 
32. Which of the following is an example of a direct tax?  
 A Sales tax  
 B Excise tax  
 C Value added tax  
 D Corporation tax
- 
33. Which of the following reasons to hold money is also known as idle balances:  
 A Transaction motive  
 B Liquidity motive  
 C Speculative motive  
 D Precautionary motive
- 
34. If a car company takes over a tobacco company, this is an example of:  
 A Vertical integration  
 B Conglomerate  
 C Lateral integration  
 D Horizontal integration
- 
35. A major function of the capital market is to:  
 A Provide funds for long term financing  
 B Provide funds for short term financing  
 C Stabilize the value of the local currency  
 D Stabilize domestic prices
- 
36. The function of money that has solved the problem of double coincidence of wants in the barter system of trade is known as:  
 A Store of value  
 B Measure of value  
 C Medium of exchange  
 D Unit of account
- 
37. The main advantage of Division of Labour is:  
 A Increase use of machines  
 B Increased output  
 C Less fatigue  
 D Saves time
- 
38. When the numerical value of the price elasticity of demand is zero, demand is said to be:  
 A Perfectly elastic  
 B Perfectly inelastic  
 C Fairly elastic  
 D Fairly inelastic
- 
39. The rate at which money changes hands is:  
 A Velocity of liquidity  
 B Velocity of transaction  
 C Velocity of money  
 D Velocity of circulation
- 
40. Goods of ostentation refer to those goods:  
 A For which demand increases when prices increases  
 B That are bought mostly by the poor  
 C For which demand decreases as price increases  
 D When price falls, more is demanded
- 
41. If the initial deposit in a commercial bank is 1,000,000FCFA and the cash ratio is 12,5% then the amount this bank will create will be:  
 A 5,000,000FCFA  
 B 8,000,000FCFA  
 C 9,000,000FCFA  
 D 10,000,000FCFA
-

42. A civil servant earns an income of 300,000 FCFA per month and pays a tax of 15,000 FCFA, Calculate the average rate of taxation. A 5%  
 B 15%  
 C 10%  
 D 3%
43. An upward movement along the same demand curve is caused by:  
 A A fall in price  
 B A rise in price  
 C A decrease in quantity demanded  
 D An increase in quantity demanded
44. An industry that locates in an area without considering the location factors of production is known as:  
 A Weight gaining industry  
 B Weight losing industry  
 C Footloose industry  
 D Industrial Inertia
45. An example of two commodities which are in joint demand are:  
 A Palm oil and palm kernels  
 B Hides and skin  
 C Meat and fish  
 D Lamp and kerosine
46. A carpentry workshop is able to produce per week as follows:
- |                              |    |    |    |    |    |
|------------------------------|----|----|----|----|----|
| week as Number of Carpenters | 1  | 2  | 3  | 4  | 5  |
| Number of chairs produced    | 10 | 24 | 33 | 40 | 45 |
- Calculate average number of chairs produced per week by 3 carpenters:  
 A 10 chairs  
 B 12chairs  
 C 11 chairs  
 D 13chairs
47. A perfect competitive market will maximize profits when:  
 A  $MC=P$   
 B  $MC=AR$   
 C  $MC=MR$   
 D  $AR=AC$
48. The total costs of producing 10bags of coffee is 50,000FCFA. If fixed costs is 50,000FCFA, then variable cost is:  
 A 100,000FCFA  
 B 50.000FCFA  
 C 75,000FCFA  
 D 200,000FCFA
49. Average income increases from 20,000FCFA to 22,000 FCFA per week and quantity demanded per week increases from 5,000units to 6,000units. The income elasticity of demand will be:  
 A The price elasticity of demand is - 2  
 B The income elasticity of demand is - 2  
 C The income elasticity of demand is + 0,5  
 D The income elasticity of demand is +2
50. The demand for a good or service not for its own sake but for the sake of what it helps to produce is known as:  
 A Joint demand  
 B Composite demand  
 C Derived demand  
 D Complementary demand

**STOP**

**GO BACK AND CHECK YOUR WORK**