

6

40. This question is based on the information below. Figures are in million FCFA.

Net transactions	- 200
Services	90
Visible imports	2,620
Transfers	50
Interest, Profit	70
Visible exports	2,560

The value of the balance of trade is

- A 210 million FCFA.  
B 50 million FCFA.  
C - 60 million FCFA.  
D 150 million FCFA.
- 
41. Which of the following conditions is NOT favourable to a country carrying out a devaluation?
- A Supply of exports is inelastic.  
B The demand for exports is elastic.  
C The demand for imports is elastic.  
D The supply of imports is elastic.
- 
42. If a country has an inelastic demand and supply of its exports, and has a persistent balance of payments surplus, what should the country do as the last resort?
- A Lower the value of her currency.  
B Raise the value of its currency.  
C Sell her foreign investment.  
D Borrow from international organisations.
- 
43. Which of the following is the most likely hinderance to economic development?
- A Level of technology.  
B Corruption  
C Low birth rate.  
D Increase in saving and investment.
- 
44. Which of the following is an immediate opportunity cost of economic growth?
- A Technological unemployment.  
B Sacrifice of present consumption.  
C A reduction in government's ability to reduce poverty.  
D Exhaustion of resources.
- 
45. The level of unemployment associated with a constant rate of inflation is known as
- A natural rate of unemployment.  
B disequilibrium rate of unemployment.  
C voluntary unemployment.  
D equilibrium rate of unemployment.
- 
46. Which of the following government policies will most likely stimulate economic growth?
- A An increase in income tax.  
B An increase in the rate of interest.  
C An increase in the exchange rate.  
D An increase in education and training.
- 
47. When a Manager anticipates change and makes adequate preparations to accommodate it, this is known as
- A proactive change.  
B positive change.  
C speculative change.  
D reactive change.
- 
48. The function of management which requires motivating, directing and influencing people to give a high work performance is called
- A planning.  
B co-ordinating.  
C controlling.  
D leading.
- 
49. A business segment that incurs costs but does not generate revenue or profit is known as
- A losses centre.  
B unprofitable centre.  
C cost centre.  
D negative income centre.
- 
50. A set of controllable variables that a firm must put together to satisfy a target is known as
- A product mix.  
B marketing mix.  
C market research.  
D marketing research.

STOP

GO BACK AND CHECK YOUR WORK



1. In economics scarcity is a problem that
  - A does not affect the rich.
  - B exists in every society.
  - C can be solved by advances in technology.
  - D would disappear if resources are increased.
2. Choice is a fundamental problem in an economy because
  - A everybody must make a choice.
  - B money is scarce relative to a country's resources.
  - C resources are scarce relative to man's wants.
  - D the majority of the world's population has low incomes.
3. Which of the following statements applies to a free enterprise economy?
  - A Resources are allocated by the government only.
  - B The interest of the society is always greater than the individual interest.
  - C Consumers influence the ownership of resources.
  - D Resources are allocated by the price system.
4. More public goods are likely to be found in
  - A centralised economies.
  - B decentralised economies.
  - C traditional economies.
  - D mixed economies.
5. This question is based on table 1
6. Which of the following groups has the first claim on the assets of a company in the event of liquidation?
  - A Debenture holders.
  - B Equity holders.
  - C Ordinary shareholders.
  - D The owners of the company.
7. A conglomerate merger occurs when
  - A a tobacco firm buys a television firm.
  - B A fertiliser firm merges with a farmer's cooperative.
  - C two super markets merge.
  - D a steel manufacturer merges with a steel company.
8. A footloose industry tends to locate
  - A anywhere.
  - B close to major markets.
  - C closer to the source of raw material
  - D close to good transport net works.
9. If two population pyramids are presented, which of them will more likely represent a developed economy?
  - A That with a higher population aged between 0 -17 years.
  - B That with a higher population aged above 65 years.
  - C That with a lower population aged above 65 years.
  - D That with a lower population aged between 18 to 64 years.
10. The dependency ratio of a country whose total population is 30 million people and the working population is 7.5 million people is
  - A 4:1
  - B 2:1
  - C 3:1
  - D 1.25:1

**Table 1**

No of Workers	Total Product
1	10
2	30
3	45
4	56
5	65
6	72
7	70

Marginal product is at a maximum where

- A 1 worker is employed.
- B 3 workers are employed.
- C 2 workers are employed.
- D 6 workers are employed.



Question 11 is based on table 2 relating to an individual firm.

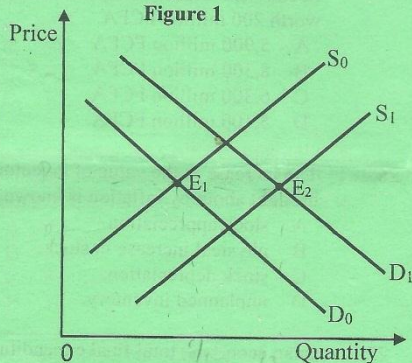
**Table 2**

Quantity (units)	Total Revenue
10	100
20	180
30	240
40	280
50	300
60	300
70	280

11. Over which range of output is demand inelastic?
- A 50 - 60 units.  
B 30 - 40 units.  
C 40 - 50 units.  
D 60 - 70 units.

12. Figure 1 below shows changes in the supply of and demand for good Y.

**Figure 1**



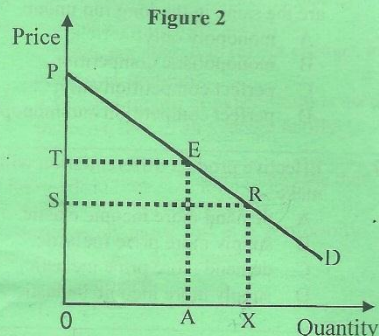
What is the cause of the movement from E1 to E2?

- A. A fall in production costs with an increase in the price of complements for good Y.  
B. A fall in the price of raw materials with an increase in the price of the substitute for good Y.  
C. A tax levied on the output of good Y with an increase in consumers' incomes.  
D. A subsidy on good Y with a fall in the price of a substitute good.

3

Question 13 relates to figure 2.

**Figure 2**



13. The money value of total utility at the level of consumption OX is
- A DEAO.  
B TEAO.  
C SRPO.  
D OPRX.

14. This question is based on table 3 below

**Table 3**

Price (FCFA)	Quantity Supplied (bags)	Quantity demanded (bags)
120	20	4
110	18	6
100	16	8
90	14	10
80	12	12
70	10	14

If the government grants a subsidy of 20 FCFA per bag, what will be the total cost of the subsidy to the government?

- A 240 FCFA.  
B 280 FCFA.  
C 700 FCFA.  
D 980 FCFA.

15. Which method of price stabilisation most exposes the scheme to embezzlement?
- A Buffer stocks.  
B Cartels.  
C Commodity Agreements.  
D Stabilisation Fund.

Turn Over



16. Profit maximising output and optimum output are the same in the long run under  
 A monopoly only.  
 B monopolistic competition.  
 C perfect competition only.  
 D perfect competition and monopoly.
17. Effective product differentiation will tend to make  
 A demand more income elastic.  
 B supply more price inelastic.  
 C demand more price inelastic.  
 D supply more income inelastic.
18. If a firm has prospective sales of 10 million FCFA, fixed costs of 12 million FCFA and variable costs of 8 million FCFA, in the short run it should  
 A continue to produce.  
 B shut down.  
 C raise more capital.  
 D plough back its profit.
19. If a nationalised industry is to operate with financial autonomy, which of the following pricing policies should it adopt?  
 A Marginal cost pricing policy.  
 B Average cost pricing policy.  
 C Skimming pricing policy.  
 D Market penetration pricing policy.
20. A firm's total fixed cost = 100,000 FCFA; Average fixed cost = 100 FCFA; and Average variable cost = 600 FCFA. The output produced by this firm is  
 A 1,000 units.  
 B 600 units.  
 C 1,200 units.  
 D 250 units.
21. The reservation of particular tasks to workers with specialised skills is termed  
 A working-to-rule.  
 B demarcation rules.  
 C closed shop.  
 D open shop.
22. If the government finds that it has to make an interest payment of 36,000 FCFA on a loan of 1,000,000 FCFA for three months, what is the rate of interest per annum?  
 A 12 %.  
 B 3.6 %.  
 C 10.8 %.  
 D 14.4 %.
23. When a factor of production is in temporarily fixed supply, enabling economic rent to be earned only in the short run, this is referred to as  
 A rent of ability.  
 B quasi rent.  
 C transfer earnings.  
 D transfer payments.
24. Gross National Product at market price minus Gross Domestic Product at market price is equal to  
 A Property income paid abroad.  
 B property income received from abroad.  
 C net property income from abroad.  
 D capital consumption.
25. Given that the National Income of a given country is 6,000 million FCFA, determine its personal disposable income assuming that households pay taxes for 500 million FCFA, contribute 600 million FCFA for National Social Insurance and receive transfer payments worth 200 million FCFA.  
 A 5,900 million FCFA  
 B 8,300 million FCFA.  
 C 6,300 million FCFA.  
 D 5,100 million FCFA.
26. The increase in the value of inventories brought about by inflation is known as  
 A stock appreciation.  
 B physical increase in stock.  
 C stock depreciation.  
 D unplanned inventory.
27. In an economy, total final expenditure is always equal to  
 A  $C + I + G$ .  
 B  $C + I + G + X$ .  
 C  $C + I + G + X - M$ .  
 D  $C + I + G - X + M$ .
28. In an open economy, an increase in imports everything being equal,  
 A lowers both aggregate demand and equilibrium income.  
 B lowers aggregate demand and raises equilibrium income.  
 C raises both aggregate demand and equilibrium income.  
 D raises aggregate demand and lowers equilibrium income.



5

29. In an economy, equilibrium income stands at 1,000 million FCFA while full employment income is 1,500 million. What gap is created in this economy?  
 A Inflationary gap  
 B Full employment gap.  
 C Deflationary gap.  
 D Income gap.
30. In a closed economy with no government intervention,  $C = 50 + 0.85Y$ , where  $Y$  is income. Autonomous investment is constant at 60. Induced investment is  $I = 0.05Y$  for all levels of income. At what level of income will savings equal investment?  
 A 90  
 B 110  
 C 990  
 D 1,100
31. In an economy the following values are given  $I = 100$ ,  $G = 150$ ,  $X = 50$ ,  $S = 0.2Y$ ,  $T = 0.2Y$  and  $M = 0.1Y$ . The value of  $M$  is  
 A 600  
 B 60  
 C 300  
 D 30
32. In an economy the capital-output ratio is constant at 50 machines for an output of 100 units. The accelerator in this economy is  
 A 0.5  
 B 2  
 C 5  
 D 10
33. Required reserves of banks are a fixed percentage of their  
 A loans.  
 B assets.  
 C deposits.  
 D cash at the central bank.
34. Certificates of deposit are considered as near money because they are  
 A a medium of exchange.  
 B standard for deferred payments.  
 C held by the private sector.  
 D a store of value.
35. Which of the following is a limitation of the retail price index? When:  
 A goods and services change in quality.  
 B more households are surveyed.  
 C weights are altered to reflect changes in consumer spending.  
 D a detailed record of expenditure is used to derive that of an average family.
36. When a tax system is based on the idea that those who earn more should pay proportionately more, this is in conformity with which canon of taxation?  
 A Convenience.  
 B Effectiveness.  
 C Equity.  
 D Efficiency.
37. Crowding out occurs when the government  
 A borrows money to finance the national debt causing private investment to increase.  
 B reduces the level of national debt forcing up interest rate.  
 C borrows to finance the national debt causing private investment to fall.  
 D balances the budget causing consumption to fall.
38. The final burden of a tax is referred as  
 A impact of tax.  
 B tax acceptance.  
 C tax base.  
 D incidence of tax.
39. A country is said to have a comparative advantage in the production of a good when  
 A it accounts for a greater percentage of world output.  
 B it can produce it at a lower opportunity cost than its trading partners.  
 C it can produce more of it than any other country.  
 D it can produce at a higher opportunity cost than its trading partners.

Turn Over