

REPUBLIQUE DU CAMEROUN
Paix-Travail-Patrie

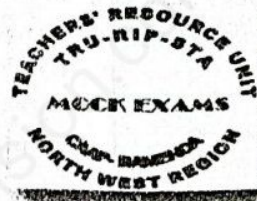
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MARCH 2022

The Teachers' Resource Unit and the Regional Inspectorate of Pedagogy, in collaboration with the North West Economics Teachers' Association (NOWETA)	SUBJECT CODE NUMBER 0725	PAPER NUMBER 1
GENERAL CERTIFICATE OF EDUCATION AND ADVANCED TECHNICAL AND VOCATIONAL EDUCATION REGIONAL MOCK EXAMINATION	SUBJECT TITLE ECONOMICS	
CANDIDATE NAME:		
CANDIDATE NUMBER:		
CENTRE NUMBER:		
ADVANCED LEVEL		

Time Allowed: One and a half hours
INSTRUCTIONS TO CANDIDATES:

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

1. USE A SOFT HB PENCIL THROUGHOUT THIS 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 "Advanced level -0725code and subject title--Economics Paper 1".
4. Insert the information required in the spaces above.
5. Without opening the booklet, pull out the answer sheet carefully from inside the front cover of this booklet. 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.
6. Insert the information required in the spaces provided on the answer sheet using your HB pencil:

Candidate Name, Centre Number, Candidate Number, Subject Code Number, and Paper number

How to answer questions in this examination:

7. Answer ALL the 50 questions in this examination. All questions carry equal marks.
8. Non-programmable calculators are allowed.
9. For each question there are four suggested answers, A, B, C and D. Decide which answer is correct. 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]
10. Mark only one answer for each question. If you mark more than one answer, you will score zero for that question. If you change your mind about an answer, erase the first mark carefully, and then mark your new answer.
11. Avoid spending much time on any question. If you find a question difficult, move to the next question. You can come back to this question later.
12. Do all rough work in this booklet using, where necessary, the blank spaces in the question booklet.
13. You must not take this booklet and answer sheet out of the examination room. All question booklets and answer sheets will be collected at the end of the examination.

1. A curve which shows combination of two goods a country can produce in a given time period, with resources fully employed is known as
 - A) transformation curve.
 - B) supply curve.
 - C) Engel curve.
 - D) indifference curve.
2. Government hospitals should provide basic health care to all citizens. This can be considered as
 - A) a statement of fact.
 - B) a hypothesis.
 - C) a positive statement.
 - D) a normative statement.
3. A firm employs 25 previously unemployed mechanics at 150,000 FCFA per month. What is the opportunity cost of employing these mechanics?
 - A) 150,000 FCFA.
 - B) 3,750,000 FCFA.
 - C) 2,750,000 FCFA.
 - D) Zero.
4. Consumer sovereignty answers which of the following issues in economics?
 - A) Where to produce?
 - B) What to produce?
 - C) How to produce?
 - D) For whom to produce?
5. The integration of firms operating in a declining industry will likely lead to
 - A) utilization of spare capacity.
 - B) an increase in demand.
 - C) rationalization of production.
 - D) a reduction in the practice of dumping.
6. In which of the following institutions is it very easy to identify the entrepreneur?
 - A) Partnership.
 - B) Public corporation.
 - C) Public company.
 - D) Cooperative society.
7. Which of the following is an example of a public good?
 - A) Public water tap.
 - B) Public monument.
 - C) Public library.
 - D) Free distribution of rice to internally displaced persons.
8. Given that the yield of a share is 12%, the rate of dividend is equal to 20 % and the face value is 120,000 FCFA, what is the market value of this share?
 - A) 24,000 FCFA.
 - B) 14,400 FCFA.
 - C) 200,000 FCFA.
 - D) 220,000 FCFA.

9. Whenever marginal product is greater than average product,
 - A) marginal product is falling.
 - B) average product is at its maximum.
 - C) average product is falling.
 - D) average product is rising.
10. When emigration exceeds immigration and results in a net loss of people from a country, this is known as
 - A) net population movement.
 - B) net emigration.
 - C) net immigration.
 - D) net migration.

11. The following information relates to the evolution of output as the population of a given country increases.

Table 1

Total population(million)	Marginal Product M FCFA
20	18,000
40	22,000
60	32,000
80	28,000
100	20,000
120	-12,000

What is the optimum population size in millions?

- A) 40.
- B) 60.
- C) 80.
- D) 100.

12.

If the price of good X rises from 15 FCFA to 20 FCFA, and the quantity demanded of good Y reduces from 12 units to 8 units, goods X and Y can be described as

- A) complements.
- B) substitutes.
- C) inferior goods.
- D) giffen goods.

13.

Which of the following factors is held constant when drawing a supply curve?

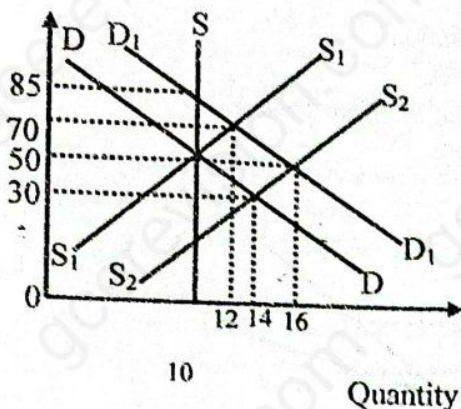
- A) The price of the good.
- B) The prices of other goods.
- C) The type of economic system.
- D) The type of market.

14. If a demand curve is a rectangular hyperbola, then demand is

- A) fairly elastic.
- B) fairly inelastic.
- C) perfectly inelastic.
- D) unit elastic.

15. This question is based on Figure 1 below which shows various possibilities resulting from an increase in the demand and supply of a certain good.

Figure 1



The initial output is 10 units. What is the momentary price of the good?

- A) 30.
B) 50.
C) 70.
D) 85

16. When farmers' behaviours cause price fluctuations that can lead to fluctuations in supply, and a cycle of falling and rising prices, with demand more elastic than supply, this is known as a

- A) constant cobweb model.
B) diverging cobweb model.
C) converging cobweb model.
D) fluctuating cobweb model.

17. The quantity demanded of a good falls by 6% and the income elasticity is estimated at -0.3, real income must have:

- A) risen by 20%.
B) fallen by 20%.
C) risen by 1.8%.
D) fallen by 1.8%.

18. The demand curve of a firm in monopolistic competition at equilibrium is

- A) more elastic than that faced by a monopolist.
B) perfectly elastic.
C) inelastic.
D) the same as that of a monopolist.

19. This question is based on table 2 below which shows the total costs of a perfectly competitive firm producing a certain good.

Table 2

Units of good produced	1	2	3	4	5
Total costs (000 FCFA)	40	56	68	92	120

If the fixed costs are 20,000 FCFA, what is the minimum price required for the firm to continue producing in the short run?

- A) 13,000 FCFA.
B) 16,000 FCFA.
C) 20,000 FCFA.
D) 40,000 FCFA.

20. The introduction of any new mark of mobile telephone initially costs very high. Gradually, the price is reduced to attract the next and subsequent buyers of the market.

This pricing policy is known as:

- A) penetration pricing.
B) cost-plus pricing.
C) skimming pricing.
D) profit maximization pricing.

21. A firm in perfect competition that produces 200 units of a given good and sells at 25 million FCFA, incurs the following costs: total fixed costs = 10 million FCFA, total variable costs = 15 million FCFA, and Total costs = 25 million FCFA. What is the revenue per unit?

- A) 25 million FCFA.
B) 10 million FCFA.
C) 250,000 FCFA.
D) 100,000 FCFA.

22. A sales maximising firm will produce the output at which

- A) $AR=MC$.
B) $MR=MC$.
C) $MR=0$.
D) $AR=AC$.

23. Which of the following is an obstacle to geographical mobility of labour?

- A) Housing shortage.
B) lack of qualifications.
C) Closed shop.
D) longevity of the workers.

24. The practice that consists of restricting output per worker so as to increase the amount of labour to do a given job is known as:

- A) a closed shop.
B) contractual output.
C) feather bedding.
D) conditioning.

25 This question is related to a newly constructed building at a commercial center in one of the towns in Cameroon, having three competing uses with different annual incomes as shown in table 3.

Table 3

Uses	Income(M FCFA)
Warehousing	6
Supermarket	8
Banking	12

What will be the value of economic rent if the owner prefers banking to the supermarket?

- A) 4 M FCFA.
- B) 6 M FCFA.
- C) 8 M FCFA.
- D) 12 M FCFA.

26. If the potential output in a given economy is 15,800 M FCFA, while actual output is 15,000 M FCFA, everything being equal, there will be:

- A) dissaving.
- B) crowding out effect.
- C) an inflationary gap.
- D) a deflationary gap..

27. If there is no autonomous component of consumption, then:

- A) $MPC=0$
- B) $APC > MPC$
- C) $APC=MPC$
- D) $MPC+APC=1$

28. This question is based on table 4.below which shows national income, consumption, savings and investment in four imaginary countries. Figures are in billion FCFA.

Table 4

Country	National Income	Consumption	Savings	Investment
W	20	22	-2	14
X	160	120	40	42
Y	180	134	46	46
Z	200	148	52	50

Which country will likely experience a fall in national income in future?

- A) W.
- B) X.
- C) Y.
- D) Z.

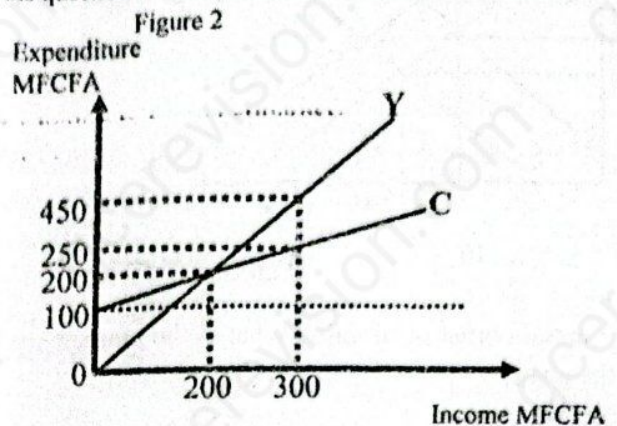
29. If the population of a given country decreases, while there is no change in its national income, this will likely result in

- A) a decrease in the average standard of living.
- B) an increase in the average standard of living .
- C) a decrease in the cost of living.
- D) an increase in the cost of living..

30. The difference between Net National Product at market prices and Net National product at factor cost is known as

- A) indirect taxes.
- B) subsidies.
- C) Capital consumption.
- D) Net indirect taxes.

31. This question is based on Figure 2 below.



What is the value of induced consumption at income level 300 MFCFA?

- A) 450 MFCFA.
- B) 10,500 MFCFA.
- C) 250 MFCFA.
- D) 150 MFCFA.

32. In an economy, if the APC is greater than one, then there is:

- A) dissaving.
- B) saving.
- C) paradox of thrift.
- D) Paradox of saving.

33. Double counting in calculating national income can be avoided by:

- A) omitting the value of exports.
- B) subtracting indirect taxes from the value of output. .
- C) excluding the value of intermediate output.
- D) excluding the value of services rendered

34. This question relates to the following information

National income.....	220
Net property income from abroad.....	30
Total domestic expenditure at market prices.....	200
Taxes on expenditure.....	60
Gross domestic product at factor cost.....	200
Gross domestic product at market price.....	220

What is the value of the balance of trade?

- A) 5.
- B) 10.
- C) 15.
- D) 20.

35. If the government intends to reduce the supply of money in the economy, it may instruct the central bank to

- A) sell treasury bills.
 B) sell gilt-edged securities.
 C) reduce its lending rate.
 D) replace gilt-edged securities with treasury bills.
36. A fall in the value of money associated with demand side will, in the short run, likely lead to:
- A) an improvement in performance of local firms in foreign markets.
 B) a fall in the rate of interest on loans.
 C) a stimulation of production.
 D) a change in the distribution of income in favour of fixed income earners.

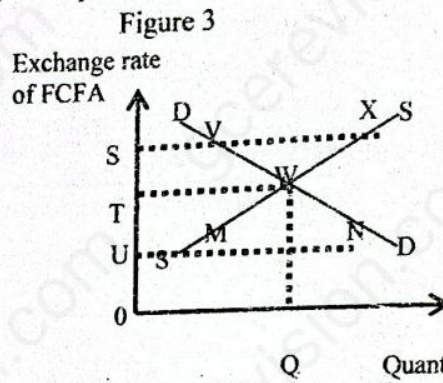
37. This question is based on the following information showing the balance sheet of a commercial bank.

Bills discounted.....	20 % of total assets
Money at call	15 % of total assets
Cash in tills	10 % of total assets
Current account deposits with the Central Bank	10% of total assets
Customers' deposits	100 M FCFA
Advances to customers	45 M FCFA

What is the value of cash in MFCFA?

- A) 20.
 B) 10
 C) 45.
 D) 35.
38. In conditions of full employment, which of the following would most likely lead to inflation? An increase in:
- A) income tax.
 B) labour productivity.
 C) expenditure on imports.
 D) the demand for exports..
39. which of the following is an expenditure reducing measure used to reduce a balance of payments deficit?
- A) Higher tariffs
 B) Export subsidies.
 C) A credit squeeze.
 D) Exchange controls.
40. For a government's policy of revaluation of a currency to be successful, the
- A) price elasticity of demand for exports should be greater than one.
 B) price elasticity of demand for exports should be less than one.
 C) price elasticity for imports should be less than one.
 D) supply of exports should be elastic.

41) This question is based on figure 3 below.



What will be the balance of payments situation if the exchange rate is fixed at OT?

- A) At equilibrium.
 B) Deficit.
 C) Surplus.
 D) Fluctuating.
42. When an exchange rate is maintained within agreed margins around a central parity with the possibility that the central parity may be changed, it is called
- A) crawling peg.
 B) managed floating exchange rate.
 C) fixed exchange rate.
 D) adjustable peg.
43. A source of government revenue collected from firms exploiting public resources such as mines and quarries is known as:
- A) fees.
 B) rent.
 C) tolls.
 D) royalties.
44. A tax is described as progressive when the
- A) $MRT = ART$
 B) ART is less than MRT .
 C) ART is greater than the MRT .
 D) different proportions are deducted from income earners.
45. External debt tends to pose a greater burden to a nation because
- A) its repayment involves losing resources to other countries.
 B) of its duration
 C) of its size.
 D) of the use of the debt.
46. When tax payers are dragged into higher tax brackets when their money incomes rise and as a result, experience lower real incomes, this is referred to as
- A) fiscal boost.
 B) fiscal drag.
 C) tax concession.
 D) fiscal stance.

Figure 4

47. If an economy begins to grow slowly

- A) national income will increase.
- B) stock levels will likely increase.
- C) inflation will likely increase.
- D) investment will likely increase.

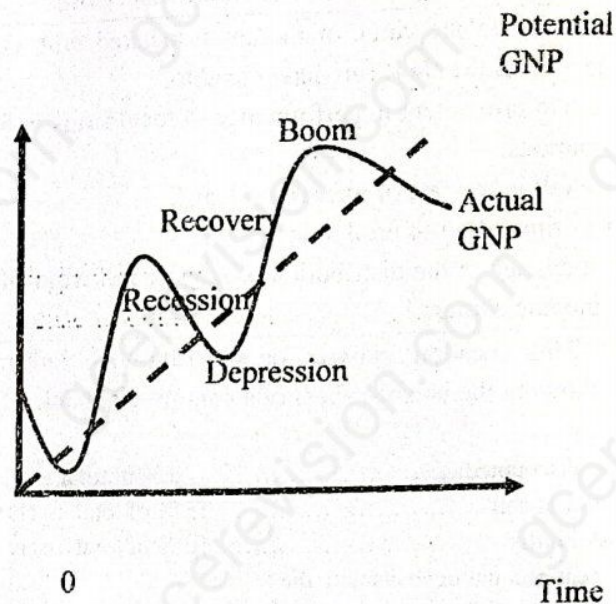
48. Which of the following is a possible cause of economic growth?

- A) resource re-allocation.
- B) capital widening.
- C) capital deepening.
- D) increase in depreciation.

49. A hindrance to economic growth in developing countries is

- A) a high labour/capital ratio.
- B) a high capital/labour ratio.
- C) reallocation of resources.
- D) low unemployment.

50. This question is based on figure 4 which shows the phases of a trade cycle.



What does the vertical axis represent in figure 4?

- A) Investment goods.
- B) Consumer goods.
- C) The level of welfare.
- D) The level of economic activity.

END