SOUTH WEST REGIONAL MOCK EXAMINATION
GENERAL/TECHNICAL AND VOCATIONAL EDUCATION

The Teachers' Resource Unit (TRU) in collaboration with the Subject Teachers' Association (STA)	**Subject code** 0725	**Paper N°** 1
CANDIDATE NAME....................... CANDIDATE NUMBER....................... CENTRE NUMBER.......................	**Specialty:** **Subject Title ECONOMICS**	
Advanced Level /ATVE	**DATE** **Wednesday 19/03/2025**	

Time Allowed: One hour thirty minutes

INSTRUCTIONS TO CANDIDATES:

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 – 0725Economics, Paper 1".
4. Insert the information required in the spaces provided 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:

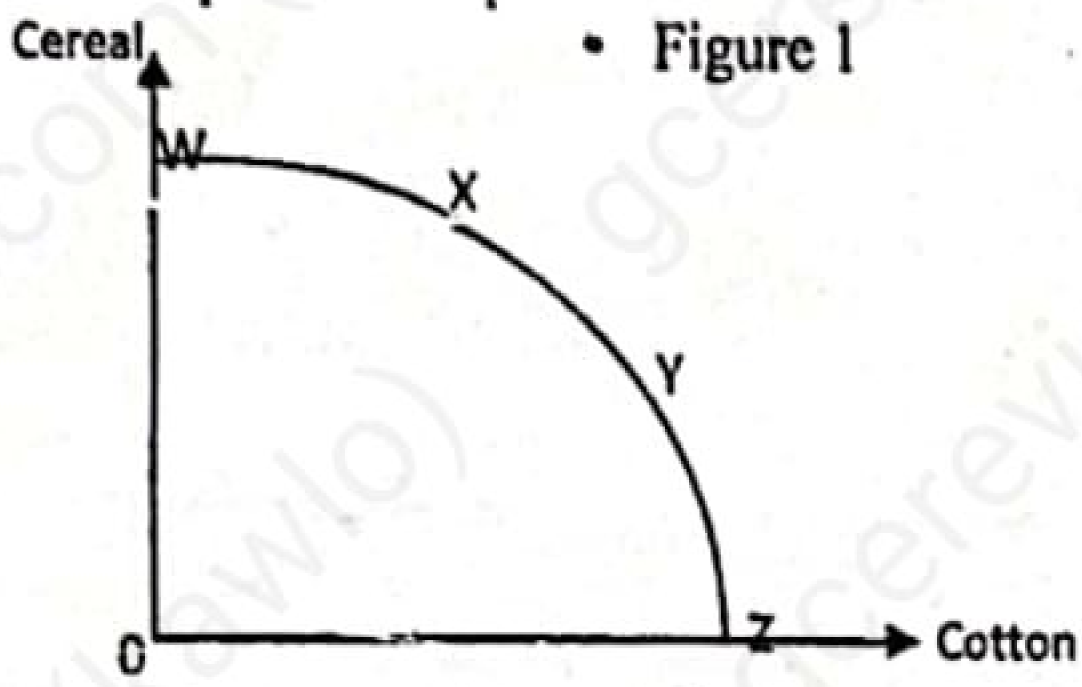
7. Answer ALL the 50 questions in this examination. All questions carry equal marks.
8. Non-programmable calculators are allowed.
9. For each question there are four suggested answers, A, B, C, and D. Decide which answer is correct. Find the number of the question on the Answer sheet and draw a horizontal 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. Mobile phones are **NOT ALLOWED** in the examination room.
14. **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**

TURN OVER

1. Which of the following is true about a command economy?
A. Profit is the main motivating factor.
B. Resources are privately owned.
C. There is some degree of consumer sovereignty.
D. The role of the price mechanism is absent

Question 2 is based on the figure 1 below which shows a production possibilities curve.

Figure 1



2. If this economy decides to produce at point Z
A. the economy has not achieved full employment
B. the economy is producing both food and clothing
C. the maximum output of cotton is being produced.
D. the economy can survive by importing cereal.

3. The spill-over undesirable effects of production are known as
A. private costs.
B. economic costs.
C. external costs.
D. social costs.

4. Which of the following population theories has an optimistic view about population increase?
A. the Boserup theory
B. the Malthusian theory
C. the Demographic Transition theory
D. the Revisionist theory

5. A commodity that consumers may undervalue but the government believes it to be 'good' for them is known as a
A. demerit good.
B. public good.
C. merit good.
D. collective good.

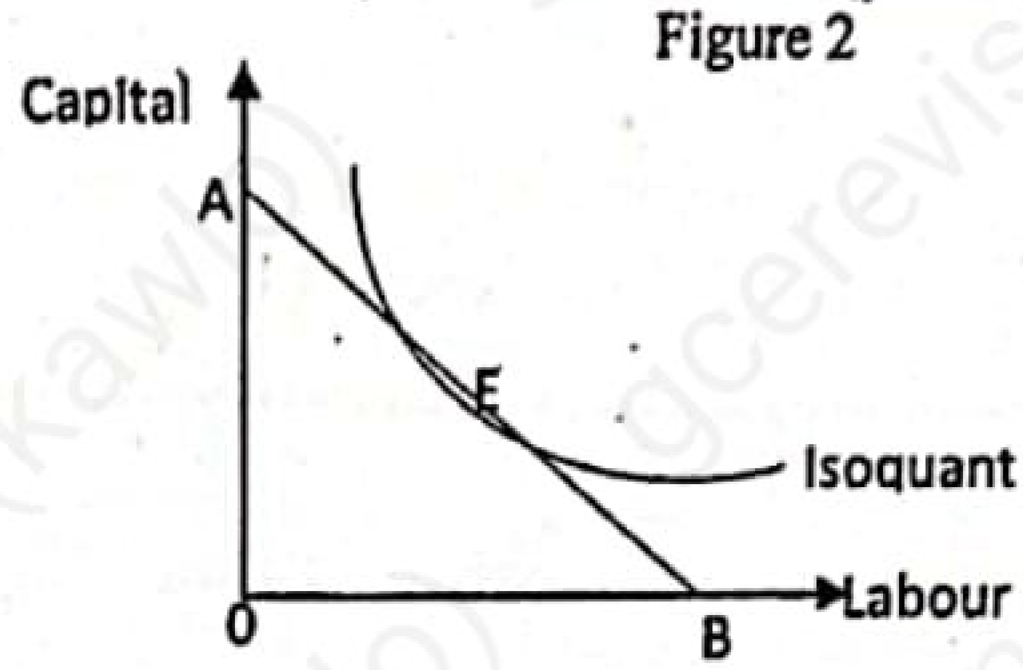
6. An increase in Gross Domestic Product at Factor Cost could result from
A. a decrease in exports.
B. an increase in indirect taxes.
C. a decrease in property income paid abroad.
D. an increase in subsidies.

7. The amount of money the government needs to borrow each year when government's expenditure exceeds its income is called:
A. crowding-out effect.
B. public sector net cash requirement.
C. national debt.
D. government final consumption.

8. When a specific rate of unemployment co-exists with a zero rate of inflation, the economy is said to be experiencing
A. casual unemployment.
B. structural unemployment.
C. natural rate of unemployment.
D. full employment.

Question 9 is based on Figure 2 below which shows the equilibrium of a firm (producer).

Figure 2



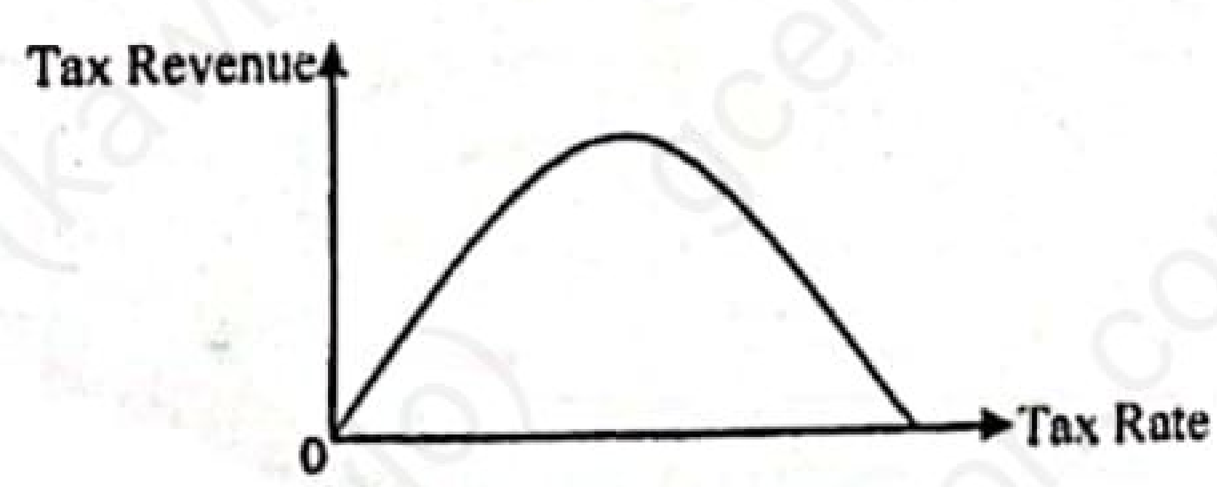
9. Identify the line AB?
A. isoprofit curve
B. isocost curve
C. indifference map
D. indifference curve.

10. The supply of labor in Cameroon can be increased if
A. there is a reduction in the minimum wage.
B. government proclaims holidays.
C. there is an increase in the retirement age.
D. people do not have the right skills.

11. Which of the following is NOT used when measuring national income with the income method?
A. imputed charges for non-traded capital.
B. stock depreciation.
C. capital consumption.
D. ownership of dwelling.

12. The national debt is considered reproductive to an economy when
A. it goes to finance a vaccination campaign to the country's labor force.
B. it generates income.
C. it is contracted from internal sources.
D. it goes to finance current consumption.

Question 13 is based on the diagram below.



13. The above diagram is an illustration of:
A. the Engel curve.
B. the trade cycle.

C. the Laffer curve.
D. the Philips curve.

14. When the Long run average cost curve is falling, it means the firm is experiencing
A. increasing returns to scale.
B. increasing returns.
C. decreasing returns to scale.
D. increasing returns.

15. When a factor of production is relatively elastic in supply, its
A. economic rent will be greater than transfer earnings.
B. economic rent will be zero.
C. transfer earnings will be greater than economic rent.
D. economic rent will be equal to transfer earnings.

16. What does the slope of a budget line indicate?
A. the marginal rate of substitution.
B. the marginal rate of technical substitution.
C. the price ratio of both goods.
D. the product of prices of both goods.

17. Consider a machine that costs 10million FCFA and is expected to earn an investor a return of 10million FCFA at the end of its lifespan of one year. What would be the investment decision if the rate of interest is 10%?
A. invest.
B. do not invest.
C. indifferent.
D. observe the market demand.

18. In a situation of shortage in the commodity market, the main function of price mechanism would be to:
A. allocate economic resources.
B. ration resources.
C. signal to businessmen on profitability.
D. reward factors of production.

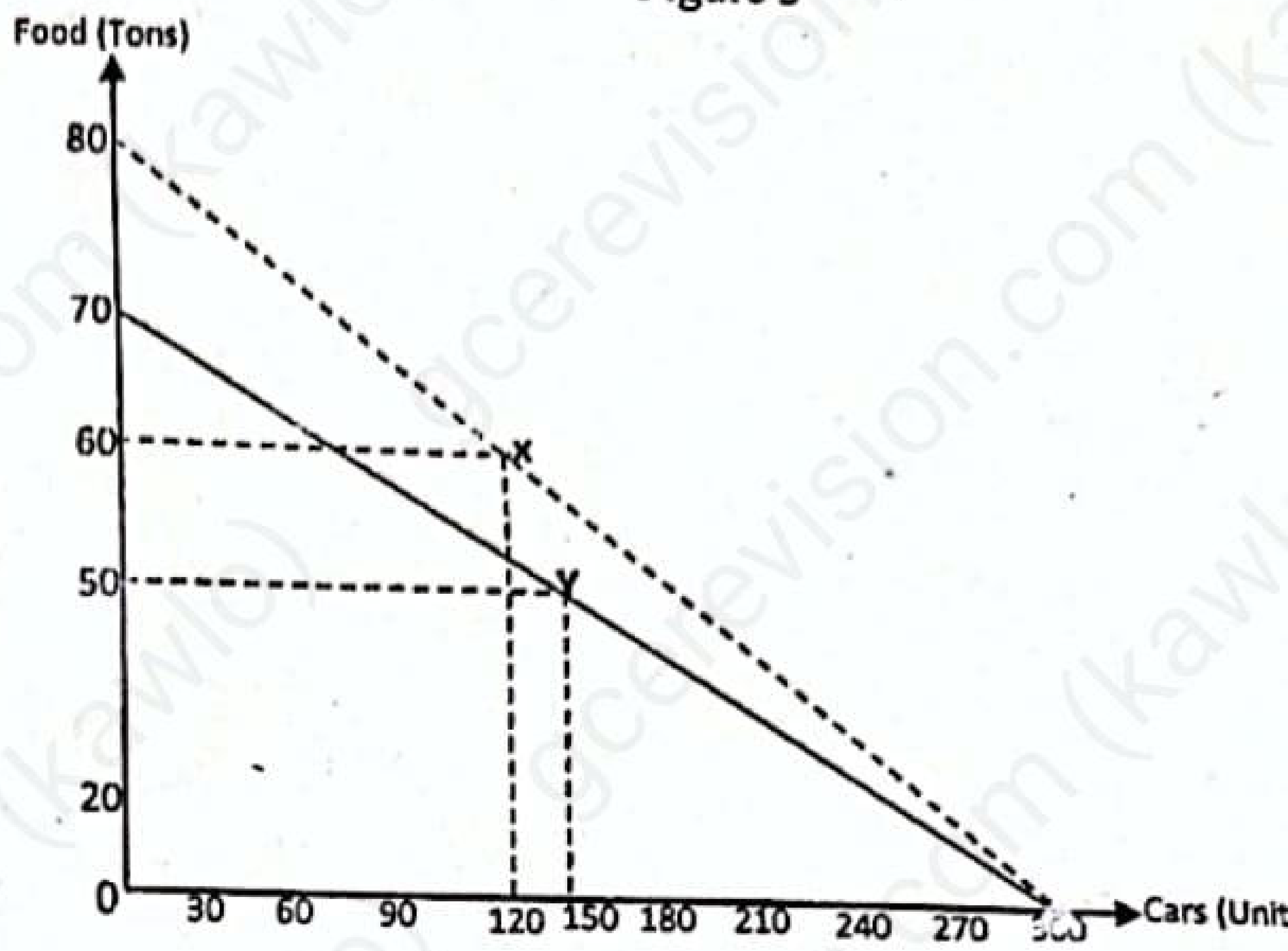
19. A two-sector economy has a total consumption spending of 100millionFCFA + $0.8Y^d$ and investment of 200 million FCFA. What is the value of savings at equilibrium in this economy?
A. 200 million FCFA.
B. 560 million FCFA.
C. 300 million FCFA.
D. 1500 million FCFA

20. A physical increase in stocks occurs when:
A. stocks on the 1st of January exceed stocks on 31st December.
B. stocks on the 31st of December less than stocks on 1st of January.
C. stocks on the 1st of January slightly more than stocks on 31st December.
D. stocks on the 31st of December exceeds stock on 1st of January.

21. The principle that people with higher income should pay higher tax rates implies
A. certainty.
B. impartiality.
C. vertical equity.
D. horizontal equity.

Questions 21 and 22 are based on the Figure 3 below.

Figure 3



22. What is the value of export following complete specialization?
A. 120 units of cars.
B. 180 units of cars.
C. 80 units of food.
D. 60 units of food.

23. How many units of cars will exchange for one unit of food?
A. 2 units of cars.
B. 3 units of cars.
C. 1/5 units of cars.
D. 120 units of cars.

24. Which of the following is a financial resource and facility used by countries to solve BoP disequilibrium?
A. fiat money
B. convertible currency
C. international liquidity
D. fiduciary issue

25. The tendency for unemployed persons to remain unemployed so as to continue benefiting from unemployment allowances is known as
A. unemployment spiral
B. unemployment trap
C. mass unemployment
D. voluntary unemployment

26. In a society where potatoes are considered as Giffen good, a fall in the price of potatoes will more likely result to
A. fall in the quantity demanded for potatoes.
B. increase in quantity demanded for potatoes.
C. increase in demand for potatoes.
D. decrease in demand for potatoes.

Question 27 is based on the information on table I below:

Table I

Output(kg)	0	20	30	40
TC(FCFA)	12,000	15,000	36,000	42,000

27. What is the average variable cost at output 30?
A. 800 FCFA.
B. 400 FCFA.
C. 1200 FCFA.
D. 12000 FCFA.

28. Which of the following factors will influence the demand for idle balances?
A. the size of transactions.
B. the interval of payment.
C. the general price level.
D. the rate of interest.

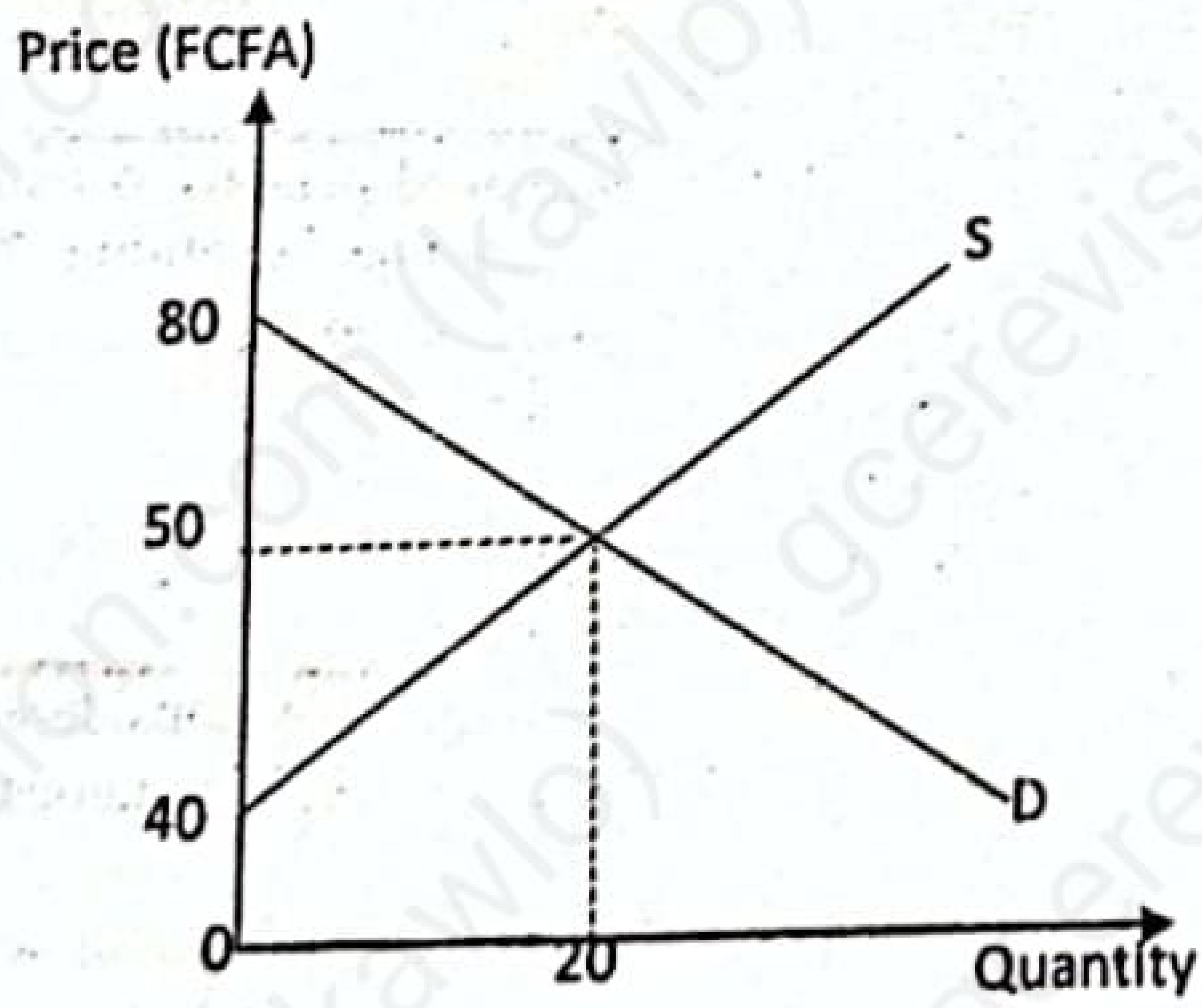
29. Given the Fisher's equation MV = PT. The average number of times a unit of currency changes hands is captured by:
A. M.
B. P.
C. V.
D. T.

30. Those who do not benefit from inflation include:
A. debenture holders.
B. real asset owners.
C. business men.
D. borrowers.

31. A Country which is interested in the long-term wellbeing of its citizens should
A. produce an equal proportion of consumer and capital goods.
B. dedicate more resources to consumption
C. dedicate more resources to investment.
D. produce more consumer goods than capital goods.

Question 32 is based on Figure 4 below.

Figure 4



32. What is the value of consumer surplus?
A. 1, 600 FCFA
B. 1,000 FCFA
C. 300 FCFA.
D. 600 FCFA.

33. The injections in an open economy without government include:
A. consumption and investment.
B. investment and exports.
C. government spending and investment.
D. taxes and government spending.

34. The best option available in preserving the value of money is to:
A. keep in savings account.
B. buy government securities.
C. purchase gold.
D. buy durable consumer goods.

35. Which of the following speculators would sell shares because of an anticipated fall in share prices?
A. bull.
B. bear.
C. stag.
D. broker.

36. Variable costs of production are also known as
A. indirect costs.
B. Supplementary.
C. direct costs.
D. overhead costs.

37. An employer will successfully resist the demand for wage increase by a trade union when
A. the trade union has a sound financial strength.
B. there is an increase in the proportion of labor cost to the total costs.
C. the job is very risky.
D. the marginal revenue product of labor increases.

38. Which of the following securities do not have a fixed rate of return?
A. debentures.
B. ordinary shares.
C. preference shares.
D. treasury bills.

39. According to the Marginal efficiency of capital theory, the relationship between interest rate and investment is
A. inverse.
B. direct.
C. linear.
D. independent.

40. Which of the following is a consequence of a rapidly increasing ageing population?
A. increase demand for education.
B. increase demand for healthcare.
C. increase demand for housing.
D. increase pressure on available resources.

41. When the interest rate is increasing, the demand for money for the idle balance will
A. Increase.
B. remain constant.
C. decrease.
D. increase and later fall.

42. Which of the following is an internal source of growth of firms?
A. plough back profit.
B. hire purchase.
C. integration.
D. cartels.

43. Money which only exists in electronic form and stored in electronic devices like computers is:
A. Foreign currency.
B. Bank deposits
C. digital currency.
D. fiduciary issue.

44. Which of the following best describes the supply curve of money in the short run?
A. fairly inelastic.
B. perfectly elastic.
C. fairly elastic.
D. perfectly inelastic.

45. The formula C+I+G+X measures:
A. Total Final Expenditure at market prices.
B. Total Domestic Expenditure at factor cost.
C. Gross Domestic Expenditure.
D. Gross National Expenditure.

46. Which of the following is an import substitution measure?
A. increasing direct taxes.
B. instituting a quota.
C. reducing money supply.
D. devaluation.

47. Given an economy with MPC = 0.75, what is the value of the multiplier?
A. 1
B. 0.01
C. 0.25
D. 4

48. A country with a large population is said to be over populated if:
A. it operates at full capacity
B. it is open to international trade
C. there is high incentive for invention and innovation
D. there is a growth in the industrial sector

49. Which of the following yields no income to a commercial bank?
A. Money at call and short notice
B. Advances
C. Operational balances at the central bank
D. Investments

50. The coefficient of cross elasticity of demand for goods X and Z is 0.6. This implies that the 2 goods are in
A. competitive demand.
B. complementary demand.
C. joint demand.
D. derived demand.

END!!

NOW GO BACK AND CHECK YOUR WORK!!