

GENERAL CERTIFICATE OF EDUCATION BOARD
General Certificate of Education Examination

JUNE 2025

ADVANCED LEVEL

Centre Number	
Centre Name	
Candidate Identification Number	
Candidate Name	

Mobile phones are NOT allowed in the examination room

MULTIPLE CHOICE QUESTION PAPER

Duration: 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 “Advanced Level – 0725 Economics 1”
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 Number, Name, Centre Number and Name.
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. **CALCULATORS ARE ALLOWED**
8. Each question has **FOUR** suggested answers: **A, B, C** and **D**. Decide on 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]

9. 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.
10. 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.
11. Do all rough work in this booklet, using, where necessary, the blank spaces in the question booklet.
12. **At the end of the examination, the invigilator shall collect the answer sheet first and then the question booklet after. DO NO ATTEMPT TO LEAVE THE EXAMINATION HALL WITH IT.**

Turn Over

1. "Economic goods are scarce goods".
The meaning of the word "scarce" in this quotation is that
 - A there are very few of these goods.
 - B there are insufficient goods to meet effective demand at a given time.
 - C the goods are limited in supply to households.
 - D there are not enough of the goods to meet all our wants.

2. The aspect of economics which is concerned with answering the question of 'what is?' or 'what will be?' is
 - A positive economics.
 - B deductive economics.
 - C normative economics.
 - D inductive economics.

3. In a mixed economy,
 - A profit is the main motivating factor.
 - B the role of the price mechanism is absent.
 - C resources are privately owned.
 - D there is some degree of consumer sovereignty.

4. In a market economy,
 - A most of the resources are state-owned.
 - B decision making is centralized.
 - C production is planned on the basis of needs.
 - D allocation of resources is determined mostly by the price mechanism.

5. As resources are shifted from the production of one good to the production of another, this can be shown by
 - A a movement along the production possibilities frontier.
 - B an outward shift of the production possibilities frontier.
 - C an inward shift of the production possibilities frontier.
 - D an outward shift in the production possibilities frontier.

5. Tertiary production includes
 - A insurance.
 - B extraction.
 - C vehicle manufacturing.
 - D fishing.

7. One of the motives of horizontal integration is to
 - A more efficiently reorganise production.
 - B diversify output.
 - C safeguard delivery of raw materials.
 - D secure an adequate number of market outlets.

8. When a public company issues new shares by writing to its existing shareholders offering them the chance of buying them in proportion of their existing shareholdings, this is referred to as
 - A placing.
 - B rights issue.
 - C offer for sale.
 - D issue by tender.

Question 9 refers to the following list of goods: collective goods, merit goods, public producer goods, public goods.

9. From the list above, choose the item which best describes a state University in Cameroon.
 - A Collective good.
 - B Merit good.
 - C Public Producer good.
 - D Public good.

10. The Malthusian theory of population is based on
 - A the law of diminishing returns to the variable factor.
 - B the fact that population is a source of labour and market for goods and services.
 - C the law of diminishing returns to scale.
 - D the fact that population grows faster than food production.

11. A country with a population of 20 million people experiences 500,000 births and 300,000 deaths in the same year, 1990. Its natural growth rate is
 - A 25%.
 - B 15%.
 - C 1%.
 - D 10%.

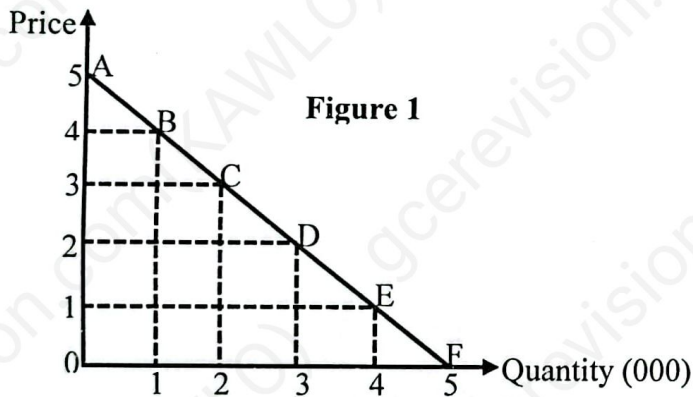
Question 12 is based on the table1 below.

Table1

Loaves of bread	Marginal utility (in utils)
1	20
2	15
3	10
4	10
5	-5

12. What is the total utility of consuming the 3rd loaf of bread?
- A 20.
B 35.
C 45.
D -5.

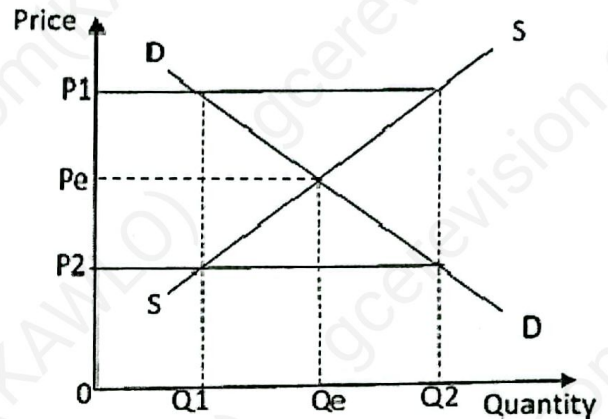
Question 13 is based on figure 1 below showing a demand curve.



13. The coefficient of price elasticity of demand at point E is most likely to be
- A 0.25.
B 4.
C 1.
D 1.4.
14. A giffen good is one whose
- A demand rises with income.
B quantity demanded rises with a rise in its price.
C demand rises with a rise in the price of a complement.
D income and substitution effects work in the same direction.

Question 15 is based on figure 2 below.

Figure2



15. What is the technical term used in economics to describe the price P_1 set by the government below which it becomes illegal to sell ?
- A Minimum price.
B Maximum price.
C Ceiling price.
D Black market price.
16. The supply of a good is represented by the equation, $P=10+0.8Q_s$, where P refers to price and Q_s is the quantity of the good sold. At what price will the producer sell 20 units?
- A 10.
B 16.
C 30.
D 26.
17. The cost that a firm incurs in purchasing or hiring any factor of production is referred to as:
- A explicit cost.
B implicit cost.
C total cost.
D variable cost.
18. When a firm sets its price low enough to discourage new entrants, it can be said to be practicing
- A cost plus pricing.
B predatory pricing.
C limit pricing.
D market penetration pricing.

Question 19 is based on table 2 below showing the weekly output of a firm and its total costs.

Table 2

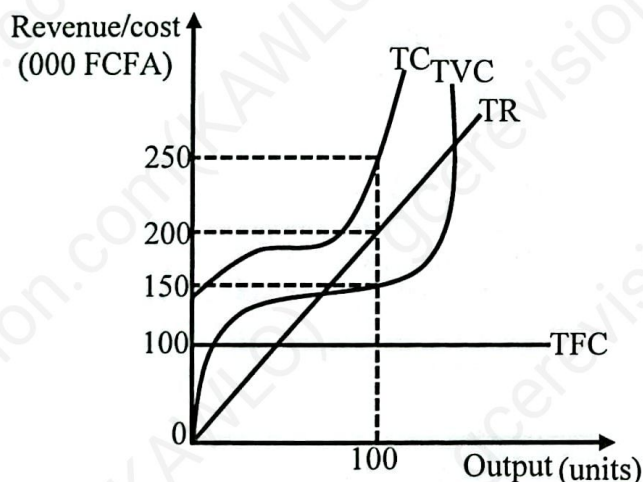
Output (tonnes)	Total costs (MCFA)
0	120
10	180
20	200
30	210
40	225

19. At which level of output is average variable cost lowest?

- A 10 tonnes.
- B 20 tonnes.
- C 30 tonnes.
- D 40 tonnes.

Question 20 is based on figure 3, showing the costs and revenue curves for a firm that produces 100 units of a good.

Figure 3



20. What is the total loss for producing 100 units of output?

- A 250,000 FCFA.
- B 5,000,000 FCFA.
- C 50,000 FCFA.
- D 10,000,000 FCFA.

21. An example of group of producers who agree to fix common price and output quotas in an oligopolistic market is called a

- A cartel.
- B pool.
- C merger.
- D conglomerate.

Question 22 is based on table 3 below showing idle balances at various interest rates. Assume that the demand for active balances stands at 3,000 FCFA. the supply of money is autonomous and stands at 10,000 FCFA.

Table 3

Rate of interest	Speculative demand
8%	3,000 FCFA.
7%	4,000 FCFA.
6%	6,000 FCFA.
5%	7,000 FCFA.
4%	8,000 FCFA.

22. The market equilibrium rate of interest is

- A 7%.
- B 6%.
- C 4%.
- D 5%.

23. In order to increase the labour force from 10 to 11 persons, a firm is obliged to raise the weekly wage rate per worker from 100,000 FCFA to 104,000 FCFA. The marginal cost is

- A 140,000 FCFA.
- B 145,000 FCFA.
- C 104,000 FCFA.
- D 144,000 FCFA.

24. When land has only one use, all of its income is economic rent because

- A its transfer earnings are positive.
- B there is zero opportunity cost.
- C it is elastic in supply.
- D it has alternative use.

25. Normal profit is

- A the average rate of profit for the industry.
- B when TR minus TC is positive
- C $TR - TC$ equals zero
- D equal to average cost.

26. Which of the following items should be included in national income accounting?

- A Sales of second hand cars.
- B Winnings from games of chance.
- C Commission earned from the sale of a house built 25 years ago.
- D Unemployment benefits.

27. Gross national product exceeds gross domestic product by the amount of

- A transfer payments.
- B capital consumption.
- C property income paid abroad.
- D net property income from abroad.

28. A measure of national expenditure at market prices does not reflect the true value of factor costs because it includes
- subsidies and taxes.
 - direct taxes and indirect taxes.
 - transfer payments and indirect taxes.
 - indirect taxes and subsidies.
29. In a 4-sector economy, which of the following conditions holds for national income to be in equilibrium?
- $C + I + X = S + T + M$.
 - $X + I + G = S + M + T$.
 - $G + I = S + T$.
 - $G + I + C = S + T + M$.
30. A man has a rise in income from 25,000 to 27,000. As a result, his saving rises from 900 to 1300. His MPC is
- 0.2.
 - 0.3.
 - 0.6.
 - 0.8.
31. The determinants of the multiplier in a closed economy without government are
- imports and consumption.
 - taxes and consumption.
 - exports and saving.
 - consumption and saving.
32. In an economy where investment is autonomous, an attempt to increase saving will lead to
- an increase to total saving.
 - a decrease in total saving.
 - no change in total saving.
 - an initial rise and subsequent decrease in total saving.
- Question 33 refers to a change in the rate of spending on exports which causes a change in income as follows: $100 + 90 + 81 + 72.9 + X + \dots$
33. What is the value of X?
- 59.05.
 - 153.9.
 - 65.61.
 - 190.

34. Which of the following is a disadvantage of the Accounting or Average Rate of Return (ARR) method of investment appraisal?
- Difficulty to calculate.
 - Dependence on trial and error for its estimation.
 - Relies on the choice of a discount rate.
 - Ignores the time value of money.
35. The value of money will fall when the
- general price level is falling.
 - rate of inflation is positive.
 - growth of money supply falls below the growth of output.
 - economy experiences a period of deflation.

Question 36 is based on the following data on table 4 below.

Table 4

Commodity	Expenditure 2005 (FCFA)	Price index 2005	Price index 2007
Drinks	200	100	150
Housing	300	100	80
Food	500	100	120

36. The weighted price index shows that between 2005 and 2007, the general price level rose by
- 50%.
 - 16.66%.
 - 14%.
 - 5%.
37. Which of the following assets of a commercial bank represents the bank's lending to the government?
- Advances.
 - Treasury bills.
 - Money at call and short notice.
 - Balances at the central bank.
38. Given a bank's cash ratio of 10%, what will be the maximum deposits it can create from an initial deposit of 150 million FCFA?
- 1350 million FCFA.
 - 1500 million FCFA.
 - 750 million FCFA.
 - 15 million FCFA.
39. A regressive tax can best be described as one whose marginal tax rate is
- equal to the average tax rate.
 - less than the average tax rate.
 - greater than the average tax rate
 - not equal to the average tax rate.

Turn Over

40. The point at which the tax burden finally settles is described as tax

- A base.
- B incidence.
- C burden.
- D heaven.

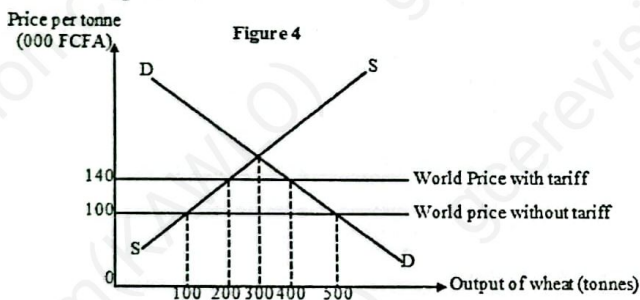
41. When a government contracts loans at lower interest rates to pay off debts which were contracted at very high interest rates, it is described as

- A refinancing.
- B funding.
- C rescheduling.
- D floating debt.

42. The deliberate manipulation of government income and expenditure to achieve macro-economic objectives is known as

- A fiscal policy.
- B discretionary fiscal policy.
- C automatic fiscal policy.
- D automatic stabilizers.

Question 43 is based on figure 4 below showing the demand and supply of wheat in an economy before and after a tariff imposition.



43. What was the quantity of wheat imported before the tariff imposition?

- A 600 tonnes.
- B 300 tonnes.
- C 400 tonnes.
- D 100 tonnes.

44. The main argument for protecting domestic industries is to

- A enable them to develop economies of scale.
- B prevent a rapid increase in unemployment.
- C encourage dumping.
- D enable them restructure and be more competitive.

Question 45 is based on table 5 below

Table 5

Country	Computers (millions)	Oil (millions of barrels)
X	10	100
Y	1	80

45. Which of the following statements is true? Country X has

- A lesser opportunity cost in the production of computers.
- B greater cost in the production of oil.
- C lesser opportunity cost in the production of oil.
- D greater cost in the production of computers.

46. The balance of payments deficit for a country will reduce, other things being equal if;

- A its level of GNP rises relative to foreign GNP.
- B its prices fall relative to foreign prices.
- C the domestic price of the foreign currency falls.
- D it lowers its tariffs.

47. A sustained increase in the real GDP is described as

- A actual economic growth.
- B potential economic growth.
- C economic growth.
- D economic development.

48. To promote growth, countries should

- A change the level of technology.
- B promote savings.
- C promote investment.
- D discourage human capital investment.

49. The Philip's curve seems to indicate that the government is faced with a choice between which two of the following objectives?

- i) Inflation.
- ii) Full employment.
- iii) A balance of payments surplus.
- iv) A high rate of growth.

- A (i) and (ii).
- B (i) and (iii).
- C (ii) and (iii).
- D (i) and (iv).

50. A more equitable distribution of income will reduce

- A the standard of living.
- B inflation.
- C consumption.
- D unemployment.

STOP

GO BACK AND CHECK YOUR WORK