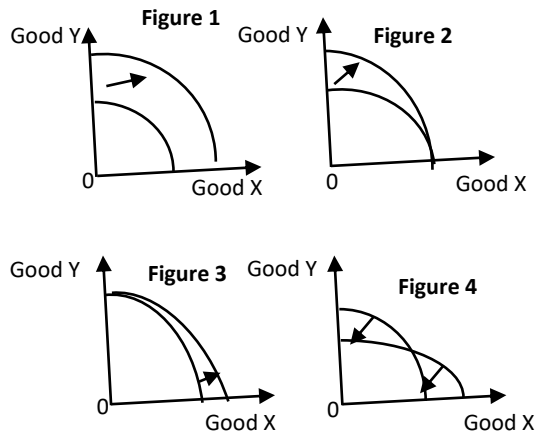


1. An economic good is one
  - A. Whose supply is unlimited
  - B. That is taxed at a higher rate because of negative externalities
  - C. That involves an opportunity cost when consumed
  - D. Whose consumption has a lot of positive externalities
2. Figures 1 to 4 show shifts in the production possibilities curve for a given country.



Which of the figures (1, 2, 3 and 4) indicates that the economy is more efficient in the production of good Y?

- A. Figure 1
  - B. Figure 2
  - C. Figure 3
  - D. Figure 4
3. The basis for determining the allocation of factors of production in a market economy is:
    - A. The pattern of consumer spending
    - B. The market shares of companies
    - C. The wealth of entrepreneur
    - D. The needs of the country

4. Income is more evenly distributed in:
  - A. A laissez-faire economy
  - B. A mixed economy
  - C. A capitalist economy
  - D. A command economy
5. An offer of new shares to existing shareholders as a means of raising funds internally is called:
  - A. Rights issue
  - B. Public issue
  - C. Placings
  - D. Issue by tender
6. The total amount of capital that a company decides to float for public subscription is:
  - A. The authorized capital
  - B. The issued capital
  - C. The paid - capital
  - D. The capital structure
7. A weight-loss industry would most likely locate close to:
  - A. Its source of raw materials
  - B. The market for its product
  - C. The source of power
  - D. The source of labour supply
8. Table 1 shows different output levels produced by different workers

**Table 1**

Number of workers	Total product
1	10
2	30
3	50
4	65
5	70
6	72
7	68

At what employment level will diminishing returns occur?

- A. 3 workers
  - B. 4 workers
  - C. 6 workers
  - D. 7 workers
9. The average number of daughters that would be born to a female if she passed through her lifetime is described as the:

- A. Net reproductive rate
  - B. Gross reproductive rate
  - C. Total fertility rate
  - D. Fecundity rate
10. If a supermarket reduces the price of its soap from 300 FCFA to 200 FCFA and buyers decide to increase their demand from 2,000 cubes to 2,500 cubes, the price elasticity of demand would be:
- A. 0.25
  - B. 0.75
  - C. 1.0
  - D. 1.33
11. The price of petroleum products is raised from 570 to 650 FCFA per litre with the price elasticity of demand and price elasticity of supply being 1.5 and 3.5 respectively. How much additional tax per unit will a consumer pay per litre of petrol?
- A. 24 FCFA
  - B. 56 FCFA
  - C. 80 FCFA
  - D. 120 FCFA
12. In a normal situation of supply, an increase in the supply of a commodity in the market will lead to:
- A. An increase in price and an increase in quantity demanded
  - B. An increase in price and a fall in quantity demanded
  - C. A fall in price and an increase in quantity demanded
  - D. A fall in price and a fall in quantity demanded
13. If the cross-price elasticity of demand between goods A and B is zero, then these goods are:
- A. Substitutes
  - B. Complements
  - C. Independent
  - D. Competitive

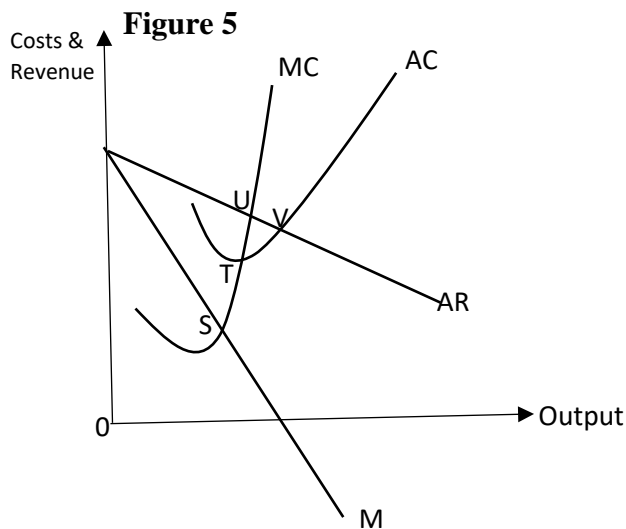
14. Table 2 refers to the costs of a firm at various levels of output.

**Table 2**

Output	Total cost (million FCFA)
0	200
10	220
20	260
30	320
40	400

What is the average fixed cost of producing 40 tons of output?

- A. 5 million FCFA
  - B. 10 million FCFA
  - C. 20 million FCFA
  - D. 40 million FCFA
15. Which of the following options will a government use to best control the consumption of harmful goods?
- A. Ban
  - B. Minimum price control
  - C. Maximum price control
  - D. Taxes
16. What will cause the demand for holiday accommodation to shift to the left?
- A. Conductive weather
  - B. Poor weather
  - C. Removal of sales tax on holiday accommodation
  - D. Relaxation in planning controls on hotel construction
17. Figure 5 represents the costs and revenue situation of a firm under imperfect competition.



Which of the following is the break-even point?

- A. S
- B. T
- C. U
- D. V

18. In the monopoly market, the downward sloping of demand curve implies that:

- A.  $P < MR$
- B.  $P > MR$
- C.  $P = MR$
- D.  $P = AC$

19. The mobile telephone market in Cameroon is dominated by four firms.

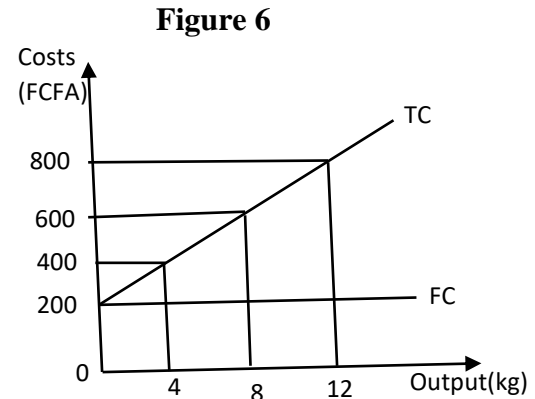
This is an example of

- A. Collusive oligopoly
- B. Imperfect oligopoly market
- C. Perfect oligopoly
- D. Natural oligopoly

20. The oligopolistic demand curve that is both elastic and inelastic to price rises and price falls respectively is known as a:

- A. Kinked demand curve
- B. Demand curve with regression at the top
- C. Demand curve with regression at the bottom
- D. Backward bending demand curve

21. Figure below shows the costs situation of a given firm.



What is the average variable cost of producing 8 kilograms?

- A. 50FCFA
- B. 75FCFA
- C. 600FCFA
- D. 400FCFA

22. An employee works a few hours of overtime, increasing his earnings after tax by 20,000FCFA. This is an example of:

- A. Transfer earnings
- B. Transfer payments
- C. Wage drift
- D. Rent of ability

23. What is the yield on an undated 6% government bond with a nominal value of 800,000 FCFA and a current market value of 600,000 FCFA?

- A. 0.45%
- B. 4.5%
- C. 6.0%
- D. 8.0%

24. The following values are extracted from the national income account of a country

GDP at market price = 318 million FCFA  
 GDP at factor cost = 322 million FCFA  
 Net property income from abroad = 6 million FCFA  
 Capital consumption = 50 million FCFA

What is the value of Net National product?

- A. 328MFCFA
- B. 274MFCFA
- C. 278MFCFA
- D. 272MFCFA

25. The following describe economic activities which are not officially registered in government statistics except

- A. The hidden economy
- B. The black economy
- C. Underdeveloped economy
- D. The underground economy

26. \_\_\_\_\_ is a national income minus personal taxes plus transfer payments?

- A. Personal income
- B. Gross income
- C. Personal disposable income
- D. Net national income

27. What does the slope of the consumption curve represent?

- A. Induced consumption
- B. Consumption level
- C. Average propensity to consume
- D. Marginal propensity to consume

28. Which of the following is a condition for income to be in equilibrium in a closed and governed economy?

- A.  $Y = C + S + I$
- B.  $Y = C + I + G$
- C.  $Y = C + S$
- D.  $Y = C + I$

29. Due to a change in the rate of spending, the following series of cash flow is observed 600million + 480million + 384million + ..... what is the value of the multiplier?

- A. 0.2
- B. 0.8
- C. 1.25
- D. 5

30. The principle which seeks to explain the relationship between increase in capital investment in the economy and change in total output is described as the

- A. Accelerator principle
- B. Marginal efficiency of capital principle
- C. Multiplier principle
- D. Accelerator - multiplier principle

Table 3 shows a country's consumption at different levels of national income.

**Table 3**

National income (million FCFA)	Consumption (million FCFA)
0	600
1,000	1,300
2,000	2,000
3,000	2,700
4,000	3,400

31. What is the saving function?

- A.  $S = 600\text{million} + 0.3Y$
- B.  $S = -600\text{million} + 0.3Y$
- C.  $S = -600\text{million} + 0.7Y$
- D.  $S = 600\text{million} + 0.7Y$

32. In a closed economy without any government, the savings function is given by  $S = -50 + 0.4Y$ . If the national income is 500, calculate the average propensity to consume.

- A. 0.1
- B. 0.3
- C. 0.5
- D. 0.7

33. The power of issuing bank notes in Cameroon is confined to:

- A. BICEC
- B. UBC
- C. NFC
- D. BEAC

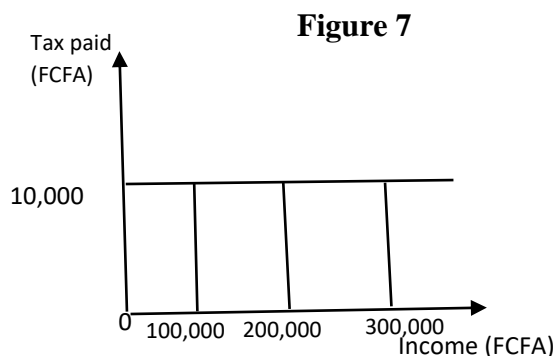
34. The total amount of money the banking system can create with an initial deposit of 100,000 FCFA and a legal reserve ratio of 25% is

- A. 125,000 FCFA
- B. 300,000 FCFA
- C. 400,000 FCFA
- D. 500,000 FCFA

35. What relationship exists between the speculative demand for money and the transaction demand for money?

- A. They are independent
- B. They have direct relationship
- C. They have indirect relationship
- D. They are concerned with active balances

36. Figure 7 relates to the amount of tax paid in relation to different levels of income



Which tax system is represented by this diagram?

- A. Proportional system
- B. Progressive system
- C. Regressive system
- D. Direct tax system

37. \_\_\_\_\_ involves deliberate actions by the government to stabilize the economy by spending on goods and services and changing the rates of taxes.

- A. Discretionary fiscal policy
- B. Discretionary monetary policy
- C. Monetary policy
- D. Fiscal policy

38. An individual earns 200,000 FCFA and has a tax allowance of 40,000 FCFA. If he pays a tax of 20% his average rate of tax would be

- A. 10%
- B. 16%
- C. 20%
- D. 40%

39. Which of the following is a measure of solving a balance of payment deficit in the long run?

- A. Exporting gold
- B. Selling foreign investment
- C. Export promotion
- D. Borrowing from the IMF

40. The exchange rate system practiced by the countries of the franc CFA zone and the European union is known as:

- A. The floating exchange rate system
- B. The managed exchange rate system
- C. The adjustable peg system
- D. The pegged exchange rate system

41. You are given the following data on a country's trade transaction. Figure are in million FCFA

Visible imports  
550

Balance of trade  
750

Invisible balance  
1,000

Net transactions in assets and liabilities  
400

What is the value of visible exports?

- A. 200 million FCFA
- B. 250 million FCFA
- C. 1300 million FCFA
- D. 1750 million FCFA

42. Table 4 shows the output per unit of input of two goods produced by 2 countries

**Table 4**

Country	Clothing (tons)	Food (tons)
X	200	400
Y	100	300

It could be concluded that

- A. Country x has a comparative advantage in food
  - B. Country Y has a comparative advantage in clothing
  - C. Country Y has an advantage in both goods
  - D. Country X has an absolute advantage in both good and a comparative advantage in clothing
43. At what phase of trade cycle would one expect the marginal propensity to consume in an economy be highest?
- A. Boom                      B. Recession
  - B. Depression              D. Recovery
44. This question is based on the following
- i. Reducing the minimum amount necessary to open a bank account
  - ii. Allowing political instability
  - iii. Increasing incomes
- How can saving be mobilized for growth to take place in an economy?
- A. (i) only
  - B. (i) and (ii) only
  - C. (i) and (iii) only
  - D. (i), (ii) and (iii)
45. Which of the following will reduce regional unemployment?
- A. Devaluing of the currency
  - B. Government sponsoring retraining schemes in affected area
  - C. Stimulating aggregate demand in the economy
  - D. Regulating trade union activities
46. If government spends 900 billion FCFA and raises 900 billion FCFA from taxation. This would cause national income to:
- A. Increase by 900 billion FCFA
  - B. Remain unchanged
  - C. Fall by 900 billion FCFA
  - D. Increase by 1800 billion FCFA
47. Which of the following will result in an increase in demand?
- A. A fall in the prices of the good
  - B. An increase in household tastes
  - C. A change in income
  - D. An increase in the price of a substitute good
48. Which of the following financial institutions controls the monetary policy in Cameroon?
- A. BEAC                      B. IMF
  - B. BICEC                      D. Bank of France
49. In perfect competition:
- A. A few firms dominate the industry
  - B. Firms are price markers
  - C. There are many buyers and sellers
  - D. There are many buyers but fewer sellers
50. In a regressive tax system:
- A. The average tax rate falls as income increases
  - B. The average tax rate is less than the marginal tax rate
  - C. The tax ratio paid increases as income increases
  - D. The tax ratio paid falls as income increases