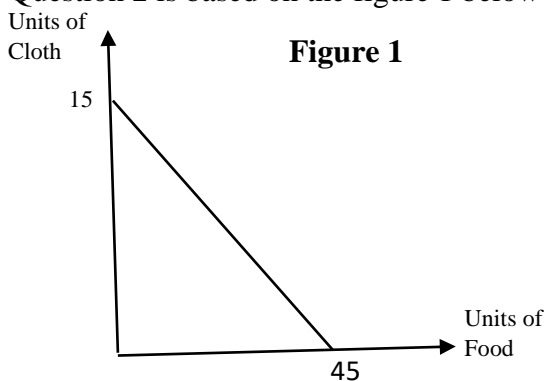


1. Economics is the study of:
 - A. Ways to reduce wants to eliminate the problem of scarcity.
 - B. The distribution of the surplus goods to those in need.
 - C. The choices we make because of scarcity.
 - D. The affluence in a morally bankrupt world.

Question 2 is based on the figure 1 below



2. The opportunity cost of one unit of food is.
 - A. 30 units of cloth.
 - B. $\frac{1}{3}$ units of cloth.
 - C. 60 units of cloth.
 - D. 15 units of cloth.
3. Which of the following best summarizes the main difference between command and free market economies?
 - A. No specialization in market economies unlike in command economies.
 - B. Production in a free-market economy is always more efficient
 - C. Free market economies promote private ownership of resources unlike command economies
 - D. No self interest in market economies unlike in command economies.

4. One reason why the free market fails to achieve an optimal allocation of scarce resources is because.
 - A. Individual incomes and wealth are not identical.
 - B. There is under production of goods with positive externalities.
 - C. Public goods are provided free of charge to users.
 - D. Positive externalities lead to over production of goods.

Question 5 is based on Table 1 below which shows changes in the size of a firm and its output.

Table 1

| Land | Labour | Capital | Output |
|------|--------|---------|--------|
| 40 | 80 | 120 | 10,000 |
| 70 | 140 | 210 | 17,000 |

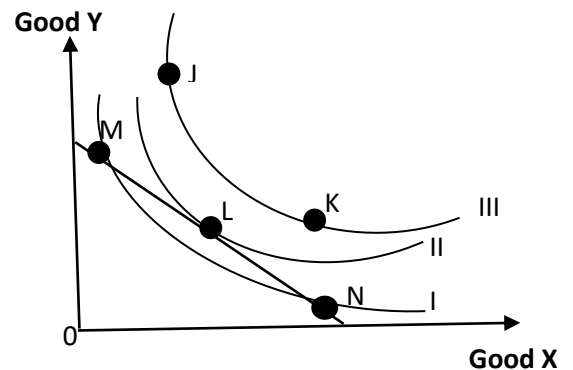
5. This firm is experiencing
 - A. Economies of scale.
 - B. Constant returns.
 - C. Diseconomies of scale.
 - D. Increasing returns to the variable factor.
6. Occupational mobility of labour can be limited by
 - A. Social ties.
 - B. More education and training.
 - C. Awareness of existing jobs.
 - D. Differences in natural ability.
7. Which of the following is an internal source of finance for a firm?
 - A. Trade credit.
 - B. Retained profit.
 - C. Sale of shares.
 - D. Hire purchase.
8. One benefit of division of labour is.
 - A. A fall in the use of machinery.
 - B. An increase in the flexibility of workers.
 - C. An increase in the job satisfaction of workers.
 - D. A fall in the average cost of production.

9. Which of the following constitutes the most risky investment in a company?
 - A. Ordinary shares.
 - B. Debentures.
 - C. Cumulative preference shares.
 - D. Participating preference shares.
10. Which of the following factors is an example of 'positive checks' in the Malthusian theory of population?
 - A. Abstention.
 - B. Cholera outbreaks.
 - C. Family planning.
 - D. Late marriages.
11. Dependency ratio is the ratio of the
 - A. Young and old to working age people.
 - B. Young to old people.
 - C. Old to middle age people.
 - D. Young to working age people.
12. Black markets are likely to develop from a
 - A. Minimum price legislation.
 - B. Price floor legislation.
 - C. Price control legislation.
 - D. Maximum price legislation.
13. Identify the good whose demand falls with a rise in income level
 - A. Substitutes.
 - B. Inferior.
 - C. Luxuries.
 - D. Necessities.
14. Why does a normal supply curve for a good slope upwards from left to right?
 - A. Supply increases following increase in demand.
 - B. Suppliers charge more to cover a rise in the cost of production.
 - C. Suppliers' profits increase as income increases.
 - D. Suppliers are willing to produce more as price increase.
15. If the elasticity of supply is greater than the elasticity of demand.

- A. The incidence of a tax is more on the buyer.
- B. The incidence of a tax is more on the seller.
- C. The impact of a tax is on the buyer.
- D. The impact of a tax is on the seller.

Question 16 is based on figure 2 below

Figure 2



16. Which of the following combinations will give maximum satisfaction to the consumer?
 - A. L
 - B. K
 - C. N
 - D. M
17. Which of the following will definitely cause a fall in the equilibrium price?
 - A. An increase in both demand and supply.
 - B. A fall in demand combined with an increase in supply.
 - C. A fall in both demand and supply.
 - D. An increase in demand combined with a fall in supply.

Question 18 is based on table 2 below which concerns a firm operating in a perfectly competitive market and which has an average fixed cost of 120 FCFA. When the firm sells 5 units of output, its total revenue is 275MFCFA. Other information about the firm is as follows on table 2 below.

Table 2.

| Units of Output | Average cost (FCFA) |
|-----------------|---------------------|
| 1 | 145 |
| 2 | 75 |
| 3 | 55 |
| 4 | 50 |
| 5 | 54 |

18. At which level of output is average variable cost 25 FCFA?

- A. 1 unit.
- B. 2 units.
- C. 3 units.
- D. 5 units.

19. Price rigidity is a feature of oligopoly and can be as a result of.

- A. Perfectly elastic demand.
- B. Market interdependence.
- C. Perfectly inelastic demand.
- D. Price discrimination.

20. The practice of charging low prices with the intention of forcing out existing competitors from the industry is known as.

- A. Predatory pricing.
- B. Skimming pricing.
- C. Limit pricing.
- D. Market penetration pricing.

21. The characteristics of “free entry and exit” in the perfect market.

- A. Enables firms gain monopoly power.
- B. Reduces the degree of competition in the long-run.
- C. Enables firms break-even in the long run.
- D. Eases government control on the firms in the market.

22. The phrase. “the supply price of entrepreneurship” refers to

- A. Rent of ability.
- B. Monopoly rent.
- C. Abnormal profit.
- D. Normal profit.

23. “Pilots are highly paid because they have to undergo a long period of training”. As

an explanation of wage determination, this statement is

- A. True because greater skill merits higher pay.
- B. True, because a person who undertakes a long period of training deserves a high reward.
- C. False, because it ignores the conditions of supply.
- D. Inadequate, because it considers only one of the conditions.

24. Factor earnings that, even though a surplus in the short run, are just enough to prevent the factor from moving elsewhere in the long run are described as

- A. Transfer earnings.
- B. Normal profit.
- C. Transfer payment.
- D. Quasi rent.

Table 3 below shows the demand and supply of money in an economy (Figure in FCFA)

Table 3

| Rate of Interest (%) | Demand for active balances | Demand for idle balances |
|----------------------|----------------------------|--------------------------|
| 8 | 20,000 | 30,000 |
| 6 | 20,000 | 40,000 |
| 5 | 20,000 | 50,000 |
| 4 | 20,000 | 60,000 |

25. Suppose the supply of money is 50,000fcfa. Determine the equilibrium rate of interest.

- A. 8%
- B. 6%
- C. 5%
- D. 4%

Question 26 is based on table 4 showing changes in GDP and population over two periods, 2010 and 2015. Figures are in millions and the base years is 2010.

Table 4

| Year | GDP | Population | Price Index |
|------|-----|------------|-------------|
| 2010 | 100 | 100 | 100 |
| 2015 | 200 | 120 | 150 |

26. What is the percentage increase in the real GDP per capital between 2010 and 2015?

- A. 11%
- B. 15%
- C. 18%
- D. 20%

27. The difference between factor cost and market price is

- A. Net indirect taxes.
- B. Net direct taxes.
- C. Net direct taxes.
- D. Indirect taxes.

28. Why are intermediate goods not included in the calculation of National Income?

- A. They are still in the process of finishing.
- B. They decrease National Income.
- C. To avoid double accounting.
- D. They have no cost of production.

29. Which of the following represents a injection into the circular flow of income?

- A. Saving.
- B. Taxes.
- C. Import.
- D. Investment.

30. An increase in investment spending of 400 billion FCFA, leads to the following chain of increase in total spending (figures in billion FCFA) 400+320+256..... what is the value of the multiplier?

- A. 0.8.
- B. 0.125.
- C. 5.
- D. 2.

31. This question is based on Table 5 below.

Table 5

| Period | National Income (MFCFA) |
|--------|-------------------------|
| 1 | 300 |
| 2 | 400 |
| 3 | 500 |

If the value of the accelerator is 2, new investment in period 3 will be

- A. 200 million FCFA.
- B. 300 million FCFA.
- C. 100 million FCFA.
- D. 400 million FCFA.

32. The principle which explains the fact that “an attempt to increase savings in an economy may lead to a fall in total savings” in an economy is known as, the

- A. Paradox of thrift.
- B. Paradox of value.
- C. Accelerator principle.
- D. Multiple principle.

33. For an open economy without government, the equilibrium condition is

- A. Savings plus imports equals investments plus exports.
- B. Taxes plus imports equal government spending plus exports.
- C. Sum of consumption plus investments plus government expenditure.
- D. Savings plus taxes equal investments plus government expenditures.

34. A high marginal propensity to consume, everything being equal, implies a

- A. Low marginal propensity to save.
- B. Small change in the consumption when income increase.
- C. High savings rate
- D. High marginal tax rate.

35. The function of money which enables an individual to obtain a mobile telephone now and make payment at the end of the month is called
- Store of value.
 - Unit of account.
 - Medium of exchange.
 - Standard of deferred payment.
36. Which of the following is the most profitable asset of a commercial bank?
- Balances at the central bank.
 - Treasury bills.
 - Advanced to customers.
 - Short-dated government stock.
37. Suppose a bank has no excess reserves. When someone deposits 100,000frs given a cash ratio of 10%, the bank will then be able to lend
- Up to 1million francs.
 - Up to 100,000 francs.
 - Up to 10,000 francs.
 - Up to 90,000 francs.
38. Who benefits the most during an inflationary period?
- Creditors.
 - Civil servants.
 - Debtors.
 - Business men.
39. How much will a citizen with a taxable income of 70,400FCFA pay as tax with a tax rate of 5%?
- 350FCFA.
 - 35,200FCFA.
 - 3,520FCFA.
 - 3,500FCFA.
40. “Crowding out” occurs when the government
- Increases taxes.
 - Increases its borrowing and drives down private sector spending.
 - Prints money which replaces currency in circulation.
 - Runs a surplus and pays off part of the debt.

41. The main issue about the “real burden” of the national debt is understanding
- How transfers redistribute income.
 - The idea of opportunity cost.
 - The difference between internally held debt and externally held debt.
 - The relationship between the treasury and the central bank.
42. Which of the following is an automatic stabilizer?
- Defense spending.
 - Proportional tax.
 - Scholarship grants.
 - Unemployment benefits.
43. Which of the following forms of economic integration deals with the free exports and import of factors of production?
- Common market.
 - Economic union.
 - Free Trade Area.
 - Customs Union.

Question 44 is based on table 6 below showing the quantity of exports and imports.

Table 6

| Year | Exports (Units) | Imports (Units) |
|------|--------------------|--------------------|
| 2018 | 75 | 60 |
| 2019 | 100 | 100 |
| 2020 | 150 | 125 |

44. The value of the terms of Trade for this country in 2018 is
- 120.
 - 100.
 - 150.
 - 125.
45. Which of the following barriers on foreign trade is a source of government revenue?
- Tariffs.
 - Subsidies.
 - Exchange control.
 - Direct prohibition.

46. Out of the following, identify an expenditure reducing measure of correcting a balance payments disequilibrium
- A. Devaluation.
 - B. Income taxes.
 - C. Quotas.
 - D. Tariffs.
47. If a country is operating within the production possibilities frontier, it means
- A. Some resources are idle.
 - B. All resources are fully utilized.
 - C. Economic growth.
 - D. Full employment.
48. Developing countries generally face the problems of low per capita income and
- A. High savings.
 - B. Slow GNP growth rates'
 - C. High GNP growth rates.
 - D. Low population growth.
49. Depression in a business cycle should be accompanied by
- A. The lowest rate of unemployment.
 - B. The highest rate of increase in the price.
 - C. The greatest rate of growth in output.
 - D. Lowest investment opportunities.
50. What is the most likely short run effect on a country if it abolishes import tariffs? The rate of
- A. Unemployment falls.
 - B. Inflation rises.
 - C. Inflation falls.
 - D. Inflation and unemployment rise.