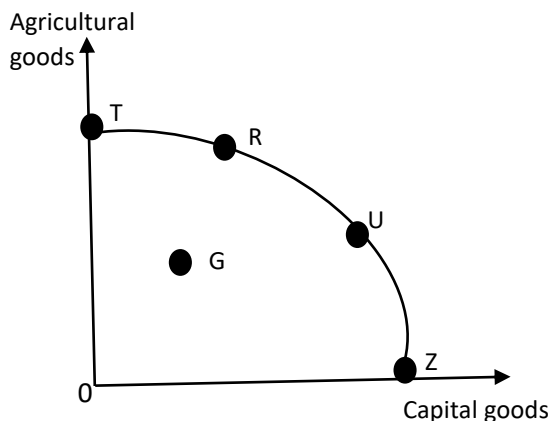


JUNE 2019

1. Which of the following is a normative statement?
 - A. Government spending reduces poverty
 - B. Higher taxes lead to less desire to work
 - C. Cameroon is more developed than other CEMAC economies
 - D. The Cameroon government ought to reduce unemployment
2. An economic system in which the government regulates private sector economic activities is called
 - A. Mixed economy
 - B. Planned economy
 - C. Centralized economy
 - D. Command economy
3. The question is based on figure 1 below showing the PPC of a given economy

Figure 1



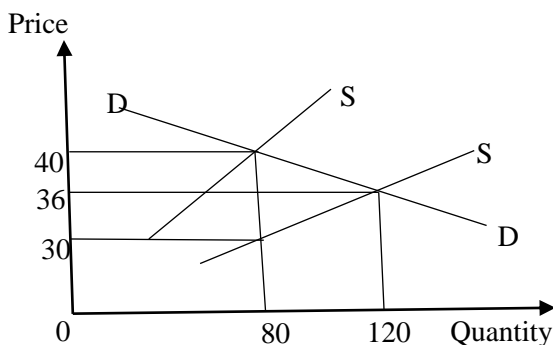
Letter Z represents which of the following alternatives?

- A. Minimum production of Agricultural goods
- B. Maximum production of Capital goods
- C. Minimum production of Capital goods

- D. Maximum production of Agricultural goods
4. Which of the following is an example of horizontal integration?
 - A. A restaurant chain merges with a mushroom farm
 - B. A wholesaler merges with a retail outlet
 - C. Two restaurant chains merge
 - D. An oil company merge with a petrol station
5. A firm is said to be at its most efficient size when:
 - A. Diminishing return set in
 - B. Increasing return set in
 - C. Average output equals marginal product
 - D. Average output is less than marginal output
6. In which type of business organization are profits shared according to how members promote the business?
 - A. Cooperative societies
 - B. Private limited companies
 - C. Public limited companies
 - D. Partnerships
7. Economies of scale are associated with falling:
 - A. Average cost in the short run
 - B. Average cost in the long run
 - C. Marginal cost in the short run
 - D. Marginal cost in the long run
8. The term “population explosion” refers to:
 - A. Sudden dispersion of population
 - B. Mass population movement
 - C. Sudden population increase
 - D. Overpopulation
9. According to the Malthusian theory of population, population and food production grow for example respectively at
 - A. 5,15,20,25 and 3,6,12,24
 - B. 3,6,12,24 and 5,15,20,25

- C. 2,4,8,16 and 1,2,3,4
D. 1,2,3,4 and 1,2,4,6
10. The quantity demanded of coffins will be affected by the
A. The dead rate
B. Advertisement of coffins
C. Income of mourners
D. Price of coffins
11. When price elasticity of demand is unity, any change in price
A. Leaves TR unchanged
B. Increases TR
C. Decreases TR
D. Keeps TR fluctuating
12. A decrease in supply will lead to rise in price and
A. A fall in quantity demanded
B. A fall in quantity supplied
C. A fall in demand
D. An extension in supply
13. When the cross elasticity of demand is negative, it means that the two goods are
A. Complements
B. Derived
C. Independent
D. Substitutes
14. This question is based on figure two below

Figure 2



If the government removes the tax on the product and as a result supply increases

- from S to S1. By how much will government tax revenue fall:
A. 480
B. 320
C. 800
D. 120

15. This question is based on table

Table 1

Price (FCFA)	Quantity demanded (Kg)	Quantity Supplied (Kg)
500	1,000	4,000
450	1,200	3,000
400	1,500	1,500
350	2,000	1,200
300	3,000	800
250	3,500	400

The price of 350FCFA per kg could be considered as

- A. Black market price
B. Floor price
C. Minimum price
D. Maximum price
16. In pure monopoly price is:
A. Greater than marginal revenue
B. Less than marginal revenue
C. Greater than average revenue
D. Less than average revenue

17. This question is based on table 2

Table 2

Output	Average variable cost (FCFA)	Cost (FCFA)
1	25	40
2	20	30
3	18	25
4	16	20
5	18	18
6	16	20

In a perfectly competitive market, what short run decision will you advise this firm to take as output 6?

- A. Increase output price
B. Decrease output price

- C. Continue production
D. Stop production
18. The main feature of firms in the monopolistic market is
A. Collusion
B. Interdependence
C. Product differentiation
D. Price discrimination
19. If the marginal revenue is equal to zero in the monopoly market, the value of price elasticity of demand will be
A. One
B. Zero
C. Less than one
D. Greater than one
20. Nationalized industry aiming at financial autonomy will charge the price where:
A. $MC = MR$
B. $AR = MC$
C. $AR = AC$
D. $AC = MC$
21. If price is less than MC, a firm in perfect competition could increase profit by
A. Increasing output
B. Decreasing output
C. Decreasing input
D. Increasing input
22. The minimum payment required to maintain a factor of production in the same line of production is called
A. Quasi rent
B. Transfer earning
C. Transfer payment
D. Economic rent
23. Wages defer within the same occupation because
A. Of difference in profitability
B. Experience is considered for payment
C. Of difference in bargaining strength of trade union
D. Of occupational mobility
24. This question is based on table 3 which shows the rate of interest and idle

balance in a given economy in a certain year. The supply of money is 1,000

Table 3

Rate of interest	10 %	8%	6%	4%	2%
Idle balance	500	600	700	800	900

What amount of active balance will rise to an 8% equilibrium rate of interest?

- A. 600
B. 300
C. 400
D. 200
25. Normal profit is
A. The supply price of entrepreneurship
B. Profit earned where $MR = MC$
C. The positive difference between TR and TC
D. Profit earned where TR is greater than TC
26. Double counting can be avoided by
A. Adding transfer payment
B. Including the value of second hand goods
C. Including the value of intermediate expenses
D. Considering only the value added at each stage of production
27. The problem of using other countries' resources when measuring national income can be solved by
A. Reducing import and adding export
B. Using net property income from abroad
C. Adding subsidies and subtracting taxes
D. Adding taxes and subtracting subsidies
28. This question is based on the statistics below:
Gross National Product at market price = 2,000 MFCFA

Net property income from abroad = -20 MFCFA

Indirect taxes = 160 million FCFA

Subsidies = 100 million FCFA

Capital stock = 8,000 million FCFA

Depreciation = 10% of capital stock

The value of national income is

- A. 1,940 million FCFA
- B. 1,260 million FCFA
- C. 1,180 million FCFA
- D. 1,140 million FCFA

29. The difference between real national income and money national income is that

- A. Money national income considers goods and services unlike real national income
- B. Money national income is measured at constant prices unlike real national income
- C. Real national income, changes over time unlike money national income
- D. Real national income is measured at constant prices unlike money national income

30. The paradox of thrift assumes that

- A. Money borrowed is reinvested
- B. Money laundering exists
- C. There is unemployment
- D. The economy is expanding rapidly

31. If the MPS in a particular economy is 0.2 and the government increases investment by 2,000 million FCFA, the national income will increase by

- A. 10,000 million FCFA
- B. 16,000 million FCFA
- C. 8,000 million FCFA
- D. 1,600 million FCFA

32. An increase in investment of 400 million FCFA leads to the following chain of increases in total spending: 400million FCFA + 320million FCFA + 256million

FCFA + ... What is the value of the MPS?

- A. 0.8
- B. 0.2
- C. 0.2%
- D. 0.8%

33. The net present value (NPV) method used in taking investment decision allows for investment to take place when

- A. NPV is falling
- B. NPV is equal to 0
- C. NPV is less than 0
- D. NPV is greater than 0

34. If 200 machines can produce 1,000 units of output, what is the value of the accelerator?

- A. 5
- B. 2
- C. 0.2
- D. 0.5

35. Which of the following will the central bank use to encourage credit creation in an economy?

- A. Buy securities in an open market
- B. Funding
- C. Moral suasion
- D. Increase special deposits

36. The function of money which solve the problem of trade by barter is

- A. Standard of deferred payment
- B. Unit of account
- C. Store of value
- D. Medium of exchange

37. Table 4 shows changes in the rate of inflation in a country over three years.

Table 4

Year	1	2	3
Rate of inflation (%)	2	1.5	1

From the table we can deduce that

- A. Cost of living is falling
- B. Standard of living is falling
- C. The value of money is falling

- D. Purchasing power is falling
38. Following the quantity theory of money, if $M = 30,000$ FCFA, $V = 5$, $T = 25,000$ FCFA. The values of P and total expenditure will respectively be:
- 5,000 FCFA and 50,000 FCFA
 - 6 and 125,000 FCFA
 - 6 and 150,000 FCFA
 - 5,000 FCFA and 125,000 FCFA
39. The principle that taxes should be designed to achieve its objective but with minimal effect on people's behavior towards work is
- Efficiency
 - Economy
 - Convenience
 - Flexibility
40. The government of Cameroon contracts a loan of 50 million FCFA to finance the following activities
- 20 million FCFA to finance provision of electricity
 - 10 million FCFA to repair transport infrastructure
 - 20 million to provide war armaments

Which of the following is correct?

- 20% is reproductive debt and 60% is deadweight debt
 - 60% is reproductive debt and 40% is deadweight debt
 - 100% is deadweight debt
 - 100% is reproductive debt
41. If an income increases from 20,000 FCFA to 40,000 FCFA and income tax increases from 1,000 FCFA to 1,400 FCFA, the tax system would be termed
- Pay as you earn
 - Proportionate
 - Progressive
 - Regressive

42. What term is used to describe a situation where money incomes rise and tax payers enter higher tax brackets?

- Indexation
- Crowding out
- Fiscal drag
- Fiscal boost

43. Which of the following is a form of expenditure switching measure?

- Increasing tariffs
- Increasing government spending
- Reducing direct taxes
- Devaluing the domestic currency

44. This question is based on table 5 below

Table 5

Country	Output rice (tons)	Output of cars (units)
Japan	140	60
Cameroon	100	50

If Cameroon specializes completely in the good for which it has a comparative advantage, what is the maximum output it will produce?

- 200 tons of rice
- 100 tons of rice
- 500 cars
- 100 cars

45. Which of the following international organizations aim at reducing barriers against world trade?

- IBRD
- WTO
- IMF
- GATT

46. To operate a managed exchange rate, government:

- Buys and sells its currency
- Sets the exchange rate directly
- Backs its currency with gold
- Does not intervene in the free market

47. An increase in GDP accompanied by structural changes in an economy is

- Economic growth

- B. Economic development
 - C. Economic expansion
 - D. Economic transformation
48. The short-run opportunity cost of economic growth will most likely be a reduction
- A. in the quantity of consumer goods produced
 - B. in the quantity of capital goods produced
 - C. in future production of consumer goods
 - D. in future production of capital goods
49. the fluctuations in economic activities in an economy over time is referred to as:
- A. growth cycle
 - B. product cycle
 - C. business cycle
 - D. development cycle
50. If the number of people declared unemployed is 40,000, the number employed is 460,000 and those in the dependent age group is 100,000. What is the unemployment rate?
- A. 6.67%
 - B. 8%
 - C. 83.3%
 - D. 76.6%