

1. In Economics, scarcity is a problem that
 - A. Does not affect the rich
 - B. Exists in every society
 - C. Can be solved by advances in technology
 - D. Would disappear if resources are increased
2. Choice is a fundamental problem in an economy because
 - A. Everybody must make a choice
 - B. Money is scarce relative to a country's resources
 - C. Resources are scarce relative to a man's wants
 - D. The majority of the world's population has low incomes
3. Which of the following statements applies to free enterprise economy?
 - A. Resources are allocated by government only
 - B. The interest of the society is always greater than the individual interest
 - C. Consumers influence the ownership of resources
 - D. Resources are allocated by the price system
4. More public goods are likely to be found in
 - A. Centralized economies
 - B. Decentralized economies
 - C. Traditional economies
 - D. Mixed economies
5. The question is based on Table 1

Table 1

No. of Workers	Total product
1	10
2	30
3	45
4	56
5	65
6	72
7	70

Marginal product is at a maximum where;

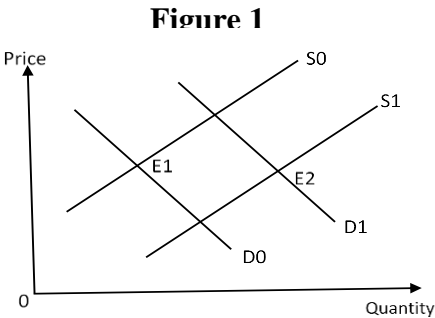
- A. 1 worker is employed
 - B. 3 workers are employed
 - C. 2 workers are employed
 - D. 6 workers are employed
6. Which of the following groups has the first claim on the assets of a company in the event of liquidation?
 - A. Debenture holders
 - B. Equity holders
 - C. Ordinary share holders
 - D. The owners of the company
7. A conglomerate merger occurs when
 - A. A tobacco firm buys a television firm
 - B. A fertilizer firm merged with a farmer's cooperative
 - C. Two super markets merge
 - D. A steel manufacturer merges with a steel company
8. A footloose industry tends to locate
 - A. Anywhere
 - B. Close to major markets
 - C. Closer to the source of raw material
 - D. Close to good transport networks.
9. If two population pyramids are presented, which of them will more likely represent a developed economy?
 - A. That with a higher population aged between 0-17years.
 - B. That with a higher population aged above 65years.
 - C. That with a lower population aged above 65years.
 - D. That with a lower population aged between 18 to 64 years.
10. The dependency ratio of a country whose total population is 30 million people and the working population is 7.5 million people is
 - A. 4:1
 - B. 2:1
 - C. 3:1
 - D. 1.25: 1

Question 11 is based on table 2 relating to an individual firm

Table 2

Quantity (Units)	Total Revenue
10	100
20	180
30	240
40	280
50	300
60	300
70	280

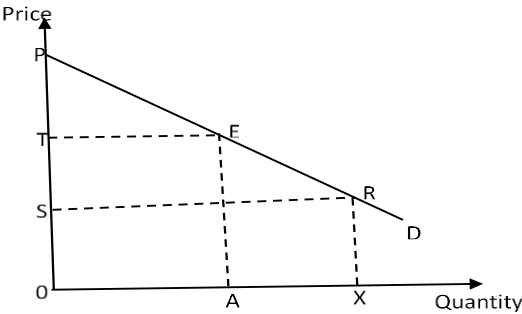
11. Over which range of output is demand inelastic?
- A. 50 - 60units B. 30 – 40units
 C. 40 - 50units D. 60 – 70units
12. Figure 1 below shows changes in the supply of and demand for good Y.



- What is the cause of the movement from E1 to E2?
- A. A fall in production costs with an increase in the price of complements for good Y.
 B. A fall in the price of raw materials with an increase in the price of the substitute for good Y.
 C. A tax levied on the output of good Y with an increase in consumer’s incomes
 D. A subsidy on good Y with a fall in the price of a substitute good.

Question 13 relates to **Figure 2**

Figure 2



13. The money value of total utility at the output level of consumption OX is
- A. DEAO
 B. TEAO
 C. SRPO
 D. OPRX
14. This question is based on table 3 below
- | Price (FCFA) | Quantity Supplied (bags) | Quantity demanded (bags) |
|--------------|--------------------------|--------------------------|
| 120 | 20 | 4 |
| 110 | 18 | 6 |
| 100 | 16 | 8 |
| 90 | 14 | 10 |
| 80 | 12 | 12 |
| 70 | 10 | 14 |
- If the government grants a subsidy of 20 FCFA per bag, what will be the total cost of the subsidy to the government?
- A. 240 FCFA
 B. 280 FCFA
 C. 700 FCFA
 D. 980 FCFA
15. Which method of price stabilization most exposes the schemes to embezzlement?
- A. Buffer stocks
 B. Cartels
 C. Commodity agreement
 D. Stabilization fund
16. Profit maximizing output and optimum output are the same in the long run under
- A. Monopoly only
 B. Monopolistic competition
 C. Perfect competition only
 D. Perfect competition and monopoly

17. Effective product differentiation will tend to make
 - A. Demand more income elastic
 - B. Supply more price inelastic
 - C. Demand more price inelastic
 - D. Supply more income inelastic
18. If a firm has prospective sales of 10 million FCFA, fixed costs of 12 million FCFA and variable cost of 8 million FCFA, in the short run it should
 - A. Continue to produce
 - B. Shut down
 - C. Raise more capital
 - D. Plough back its profit
19. If a nationalized industry is to operate with financial autonomy, which of the following pricing policies should it adopt?
 - A. Marginal cost pricing policy
 - B. Average cost pricing policy
 - C. Skimming pricing policy
 - D. Market penetration pricing policy
20. A firm's total fixed cost = 100,000 FCFA, Average Fixed cost = 100 FCFA and Average Variable cost = 600 FCFA. The output produced by the firm is
 - A. 1,000 units
 - B. 600 units
 - C. 1,200 units
 - D. 250 units
21. The reservation of particular tasks to workers with specialized skills is termed
 - A. Working-to-rule
 - B. Demarcation rules
 - C. Closed shop
 - D. Open shop
22. If the government finds that it has to make an interest payment of 36,000 FCFA on a loan of 1,000,000 FCFA for three months, what is the rate of interest per annum
 - A. 12%
 - B. 3.6%
 - C. 10.8%
 - D. 14.4%
23. When a factor of production is in temporally fixed supply, enabling economic rent to be earned only in the short run, this is referred to as
 - A. Rent of ability
 - B. Quasi rent
 - C. Transfer earnings
 - D. Transfer payments
24. Gross National Product at market price minus Gross Domestic product at market price is equal to
 - A. Property income paid abroad
 - B. Property income received from abroad
 - C. Net property income from abroad
 - D. Capital consumption
25. Given that the National Income of a given country is 6,000 million FCFA, determine its personal disposal income assuming that households pay taxes for 500 million FCFA, contribute 600 million FCFA for National Social Insurance and receive transfer payment worth 200million FCFA
 - A. 5,900 million FCFA
 - B. 8,300 million FCFA
 - C. 6,300 million FCFA
 - D. 5,100 million FCFA
26. The increase in the value of inventories brought about by inflation is known as
 - A. Stock appreciation
 - B. Physical increase in stock
 - C. Stock depreciation
 - D. Unplanned inventory
27. In an economy total final expenditure is always equal to
 - A. $C + I + G$
 - B. $C + I + G + X$
 - C. $C + I + G + X - M$
 - D. $C + I + G - X + M$

28. In an open economy, an increase in imports everything being equal,
- Lowers both aggregate demand and equilibrium income.
 - Lowers aggregate demand and raises equilibrium income.
 - Raises both aggregate demand and equilibrium income.
 - Raises aggregate demand and lowers equilibrium income.
29. In an economy, equilibrium income stands at 1,000 million FCFA while full employment income is 1,500 million. What gap is created in this economy?
- Inflationary gap
 - Full employment
 - Deflationary gap
 - Income gap
30. In a closed economy with no government intervention, $C = 50 + 0.85Y$, where Y is income. Autonomous investment is constant at 60. Induced investment is $I = 0.05Y$ for all levels of income. At what level of income will savings equal investment?
- 90
 - 110
 - 990
 - 1,100
31. In an economy, the following values are given $I=100$, $G=150$, $X=50$, $S=0.2Y$, $T=0.2Y$ and $M=0.1Y$. what is the value of M
- 600
 - 60
 - 300
 - 30
32. In an economy, the capital-output ratio is constant at 50 machines for an output of 100 units. The accelerator in this economy is
- 0.5
 - 2
 - 5
 - 10
33. Required reserves of banks are a fixed percentage of their:
- Loan
 - Assets
 - Deposits
 - Cash at the central bank
34. Certificates of deposits are considered as near money because they are
- A medium of exchange
 - Standard for deferred payments
 - Held by the private sector
 - A store of value
35. Which of the following is a limitation of the retail price index? When:
- Goods and services change in quality
 - More households are surveyed
 - Weights are altered to reflect changes in consumer spending
 - A detailed record of expenditure is used to derive that of an average family
36. When a tax system is based on the idea that those who earn more should pay proportionately more, this is in conformity with which canon of taxation?
- Convenience
 - Effectiveness
 - Equity
 - Efficiency
37. Crowding out occurs when the government
- Borrows money to finance the national debt causing private investment to increase
 - Reduces the level of national debt forcing up interest rate
 - Borrows to finance the national debt causing private investment to fall
 - Balances the budget causing consumption to fall

38. The final burden of a tax is referred to as
- A. Impact tax
 - B. Tax acceptance
 - C. Tax base
 - D. Incidence tax

39. A country is said to have a comparative advantage in production of a good when
- A. It accounts for a greater percentage of world output
 - B. It can produce it at a lower opportunity cost than its trading partners
 - C. It can produce more of it than any other country
 - D. It can produce at a higher opportunity cost than its trading partners.

40. This question is based on the information below. Figures are in million FCFA

Net Transactions: -200

Services: 90

Visible import: 2,620

Transfers: 50

Interest, profit 70

Visible exports 2,560

The value of the balance of trade is

- A. 210 million FCFA
 - B. 50 million FCFA
 - C. -60 million FCFA
 - D. 150 million FCFA
41. Which of the following conditions is NOT favorable to a country carrying out a devaluation?
- A. Supply of exports is inelastic
 - B. The demand for export is elastic
 - C. The demand for imports is elastic
 - D. The supply of imports is elastic
42. If a country has an inelastic demand and supply of its exports and has a persistent balance of payment surplus, what should the country do as the last resort?
- A. Lower the values of her currency
 - B. Raise the value of its currency
 - C. Sell her foreign investment

- D. Borrow from international organizations

43. Which of the following is the most likely hindrance to economic development?

- A. Level of technology
- B. Corruption
- C. Low birth rate
- D. Increase in saving and investment

44. Which of the following is an immediate opportunity cost of economic growth?

- A. Technological unemployment
- B. Sacrifice of present consumption
- C. A reduction in government's ability to reduce poverty
- D. Exhaustion of resources

45. The level of unemployment associated with a constant rate of inflation is known as

- A. Natural rate of unemployment
- B. Disequilibrium rate of unemployment
- C. Voluntary unemployment
- D. Equilibrium rate of unemployment

46. Which of the following government policies will most likely stimulate economic growth?

- A. An increase in income tax
- B. An increase in the rate of interest
- C. An increase in the exchange rate
- D. An increase in education and training

47. When a manager anticipates change and makes adequate preparations to accommodate it, this is known as

- A. Proactive change
- B. Positive change
- C. Speculative change
- D. Reactive change

48. The function of management which requires motivating, directing, and influencing people to give a work performance is called

- A. Planning
- B. Coordinating
- C. Controlling
- D. Leading

49. A business segment that incurs costs but does not generate revenue or profit is known as

- A. Losses center
- B. Unprofitable center
- C. Cost center
- D. Negative income Centre

50. A set of controllable variables that a firm must put together to satisfy a target is known as

- A. Product mix
- B. Marketing mix
- C. Market research
- D. Marketing research