

1. A concave production possibility curve (PPC) denotes
 - A. Decreasing opportunity cost
 - B. Constant opportunity cost
 - C. Increasing opportunity cost
 - D. Zero opportunity cost
2. An economic problem arises when
 - A. Manufactured goods are in short supply
 - B. Money is in short supply
 - C. Buyers are many
 - D. Scarcity and choice are involved
3. Which of the following is associated with the capitalist economy?
 - A. The absence of market forces
 - B. State ownership of all resources
 - C. Freedom of choice and enterprise
 - D. Low rate of economic growth
4. The basic economic question for all societies arises because resources
 - A. Are unlimited in supply
 - B. Are limited in supply
 - C. Have alternative uses
 - D. Are perfectly mobile
5. The knowledge-based part of an economy falls under the
 - A. Primary sector
 - B. Secondary sector
 - C. Tertiary sector
 - D. Quinary sector
6. A manufacturing firm operates a balanced system of 3 machines a, b, and c with capacities 10,15 and 25 units of a product per hour respectively. How many units of each machine will enable the firm to operate at full capacity per hour?
 - A. $10a+15b+5c$
 - B. $15a+10b+6c$
 - C. $10a+15b+24c$
 - D. $5a+10b+20c$
7. Which of the following is a benefit from the successful practice of division of labour?
 - A. Worker interdependence
 - B. Economies of bulk buying
 - C. Efficient managerial ability
 - D. Decreasing returns to scale

Question 8 is based on table 1 below relating to four different firms.

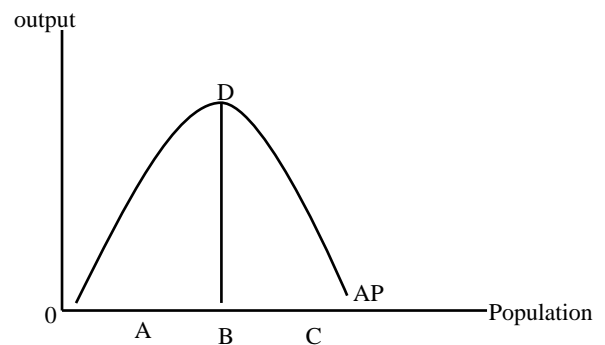
Table1

Firm	% change in inputs	% change of output
W	20	50
X	25	75
Y	33.33	33.33
Z	50	25

8. Which of the firms is experiencing decreasing returns to scale?
 - A. Firm W
 - B. Firm X
 - C. Firm Y
 - D. Firm Z
9. The law of diminishing returns may be offset by
 - A. Working extra hours
 - B. Reducing the units of the fixed factor
 - C. Improvements in technology
 - D. Doubling units of the variable factor

Question 10 is based on figure 1 relating to the population of a country

Figure 1



10. The optimum population point is given at
 - A. Point A
 - B. Point B
 - C. Point C
 - D. Point D

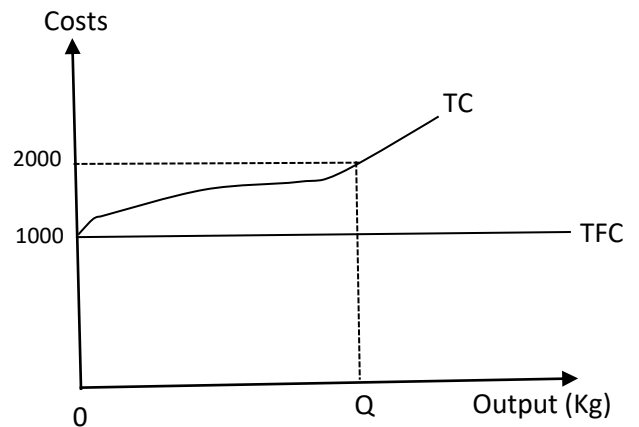
11. When the number of people moving out of the country exceeds the number of people coming in, then there is
- Net migration
 - Net immigration
 - Net emigration
 - Net migration rate
12. Why are the prices of manufactured products more stable than those of agricultural products?
- Manufactured products are more low demand price elastic
 - Manufactured products are inelastic in supply
 - Manufactured products are elastic in demand
 - Manufactured products are low supply price elastic
13. Which of the following describes a public good?
- It is a free gift of nature
 - It displays non-rivalry in consumption
 - It displays excludability in consumption
 - It is always provided through the market
14. The price of a good expressed in terms of another good is called
- Money price
 - Relative price
 - Nominal price
 - Absolute price
15. There are 100 suppliers of “Bush mangoes” in a community with each having an identical supply function given as $Q_s = 2P$, where Q_s is the quantity supplied and P is the price. Determine the market supply function.
- $Q_s = 100 + 2P$
 - $Q_s = 2P + 100$
 - $Q_s = 200P$
 - $Q_s = 100P$
16. If an increase in the price of a good raises the total revenue of a firm supplying that

good, then the demand for the good is most likely to be

- Price elastic
 - Price inelastic
 - Income elastic
 - Income inelastic
17. Fixed costs of production are also known as
- Natural costs
 - Direct costs
 - Prime costs
 - Overhead costs

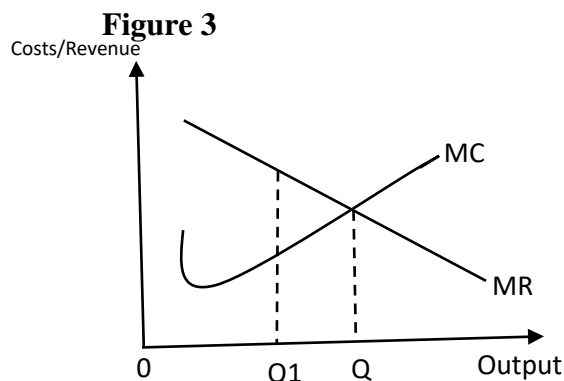
Question 18 is based on figure 2 relating to the costs situation of a manufacturing firm

Figure 2



18. Determine the value of total variable costs at output level Q .
- 1000
 - 2000
 - $1000/Q$
 - $2000/Q$
19. When a firm produces an output for which marginal cost equals average revenue then it has achieved
- Technical efficiency
 - Productive efficiency
 - Allocative efficiency
 - X-efficiency

Question 20 is based on figure 3 relating to firm in an imperfect market.



20. Which of the following statements is correct about the firm at output Q1?

- A. Raise output to increase profit since MC is less than MR
- B. Leave output unchanged to increase profit since MC is less than MR
- C. Reduce output to increase profit since MC is less than MR
- D. Reduce output to reduce profit since MC is less than MR

21. A market structure in which there exist a single supplier facing a single buyer of a product is called

- A. Monopoly
- B. Bilateral monopoly
- C. Oligopoly
- D. Monopolistic competition

22. The main reason why profit is different from other factor incomes is that

- A. It is a fixed reward
- B. It is less volatile than other factor incomes
- C. It is not determined by demand and supply
- D. It may be negative

23. Economic rent existing only in the short run mainly due to shortages in the supply of a factor is called

- A. Rent ability
- B. Quasi-rent
- C. Maximum rent
- D. Minimum rent

24. The nominal interest rate in an economy is given as 10%. If the rate of inflation is 6% then the real interest rate is

- A. 4%
- B. 6%
- C. 16%
- D. 10%

25. It is estimated that a vacant building would be capable of providing its owner with an annual rent of

- 200,000 FCFA if it were used as a super market
- 150,000 FCFA if it were used as a night club and
- 100,000 FCFA if it were used as a cinema.

If the owner were to allow it to be used as a super market, the economic rent would be

- A. 50,000 FCFA
- B. 100,000 FCFA
- C. 150,000 FCFA
- D. 200,000 FCFA

Question 26 is based on Table 2 below relating to a hypothetical economy

Table 2

Sector of the economy	Output (MFCFA)
Agriculture and mining	4,100
Services	50,000
manufacturing	35,900

26. Determine the percentage of GDP contributed by the tertiary sector.

- A. 4.55%
- B. 55.55%
- C. 39.9%
- D. 50%

27. The ___ sums up all factor incomes earned by a country's resources in producing current output over one year less depreciation.

- A. Expenditure method
- B. Income method
- C. Output method
- D. Factor method

28. GNP is less than GDP when

- A. Net property income from abroad is positive
- B. Net property income from abroad is zero
- C. Net property income from abroad is negative
- D. Net property income from abroad is absent

29. In a frugal country, households save part of their income. This implies that

- A. MPC is less than 1
- B. MPC is equal to 1
- C. MPC is greater than 1
- D. MPC is infinity

30. In a closed and governed economy, aggregate demand is given as

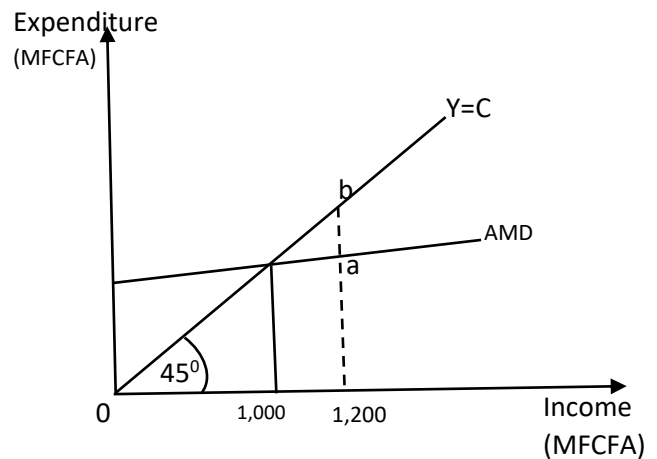
- A. $C+I+X$
- B. $C+I+G$
- C. $C+I+M$
- D. $C+I+X+M$

31. A firm uses 5 machines to produce 1,000 units of a good. If 1 machine must be replaced each year, what is the value of gross investment when demand increases to 1,200 units?

- A. 1
- B. 2
- C. 3
- D. 4

Question 32 is based on figure 4 showing the level of National Income in an economy.

Figure 4



32. To close the gap **ab**, the government increases her expenditure by 50M FCFA. The value of the multiplier in this economy is

- A. 1
- B. 2
- C. 3
- D. 4

33. Which of the following will shift the investment demand curve to the right?

- A. Improvement in technology
- B. An increase in the aggregate demand for goods
- C. Increase in taxes
- D. Business expectations

34. In a three-sector closed economy, the $MPC=0.8$. The value of the balanced budget multiplier is

- A. 1
- B. 1.25
- C. 4
- D. 5

35. Which of the following factors influences the demand for idle balances in an economy?

- A. Real income
- B. Price level
- C. Price of bonds
- D. Spending habits

Question 36 is based on Table 3 below relating to the balance sheet of an imaginary bank.

Table 3

Liabilities (MFCFA)	Assets (MFCFA)
Deposits.....1000	Cash..... 150
	Operational balances at central bank 50
	Non-liquid asset.. 800
Total 1000	Total1000

36. Determine the bank's cash ratio

- A. 10%
- B. 15%
- C. 20%
- D. 80%

37. The instrument of monetary policy which involves the buying and selling of government securities is called.

- A. Minimum lending rate
- B. Cash ratio
- C. Open market operation
- D. Special deposit

38. When commercial banks are able to increase the supply for money above the based money they hold in the form of accounts or bank deposits, this is known as

- A. Money laundering
- B. Credit creation
- C. Hot money
- D. Money illusion

39. When the government spends on the day to day running of the public service, this category of government spending is described as

- A. Recurrent expenditure
- B. Investment expenditure
- C. Current expenditure
- D. Social expenditure

40. Pay as you Earn (PAYE) is a method of income tax collection through which taxes are paid according peoples

A. Income

B. Taxes are deducted at source

C. The system is progressive in nature

D. The tax system favour the poor

41. Cameroons national debt is the debt of the

- A. Public sector in Cameroon
- B. Central government of Cameroon
- C. Local governments in Cameroon
- D. Private sector in Cameroon

42. The final resting place of the tax burden is termed the

- A. Tax base
- B. Tax burden
- C. Tax incidence
- D. Tax impact

43. An economy is said to be experiencing a trade gap when

- A. Imports exceed exports in value
- B. Exports exceed imports in value
- C. Imports equals exports in value
- D. Imports are taxed

Questions 44 is based on table 4 below showing the domestic opportunities cost ratio for 2 countries producing 2 goods with equal resources

Table 4

Countries	Blankets (bales) : Apple (tons)
A	1 : 15
B	1 : 5

44. Which of the following is the mutually beneficial exchange rate of these countries?

- A. 1 bale for 10 tons
- B. 1 bale for 20 tons
- C. 1 bale for 4 tons
- D. 1 bale for 3 tons

45. That part of the balance of payments account which shows how the government covers its deficit or use its surplus is called

- A. Current account
- B. Capital account
- C. Official account
- D. Balancing account

46. An overvalued currency is one with
- A. Low exchange rate
 - B. High exchange rate
 - C. Fixed exchange rate
 - D. Floating exchange rate
47. A country discovers new resources which gives it a potential to produce more of capital and consumer goods. This explains
- A. Actual economic growth
 - B. Potential economic growth
 - C. Real economic growth
 - D. Economic development
48. Which of the following will you consider as an undesirable development strategy to be used by developing countries?
- A. Increasing primary production
 - B. Industrialization through import substitution
 - C. Exporting tourism potentials
 - D. Reliance on foreign aid
49. The type of unemployment resulting from immobility of labour is known as
- A. Structural unemployment
 - B. Seasonal unemployment
 - C. Technological unemployment
 - D. Frictional unemployment
50. The curve which shows trade-off between inflation rate and unemployment rate is known as the
- A. Philips' curve
 - B. J-curve
 - C. Laffer curve
 - D. Keynesian curve.