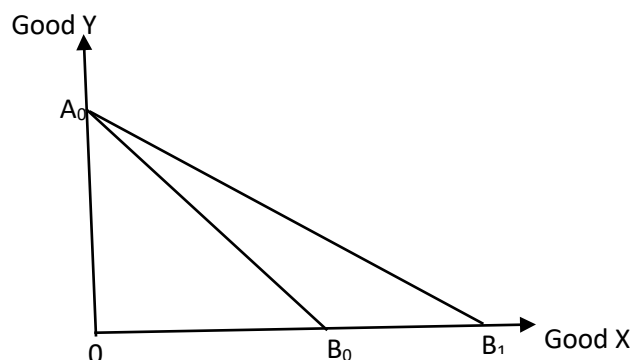


1. Economics is a science that studies how
 - A. Societies allocate scarce resources
 - B. Households make decisions
 - C. Firms make decisions
 - D. Government makes choices about resources
2. Country A with a set of resources can produce 20 units of good X and 5 units of good Y. with the same set of resources, country B can produce 10 units of good X and 4 units of good Y. what is the opportunity cost of producing 1 unit of good Y in country A?
 - A. 2.5 units of good X
 - B. 4 units of good X
 - C. 5 units of good X
 - D. 2 units of good X
3. In general, the more money you have the more you can buy. This statement defines clearly the behavior of consumers in a
 - A. Mixed Economy
 - B. Capitalist economy
 - C. Planned economy
 - D. Traditional economy
4. Which one of the phrases or terms is **NOT** relevant in relation to a laissez-faire economic system?
 - A. Competition
 - B. Central planning authority
 - C. The price mechanism
 - D. Consumer sovereignty
5. Which of the following will most likely raise productivity?
 - A. Raising minimum wages
 - B. Raising union wages
 - C. Improving the training of workers
 - D. Restricting trade with foreign countries
6. A Joint stock company issues half its registered capital with 100 million FCFA and only requires 75 million FCFA to be paid up. How much is the authorized capital of this company?
 - A. 200 million FCFA
 - B. 75 million FCFA
 - C. 125 million FCFA
 - D. 100 million FCFA
7. Small firms continue to exist because
 - A. Firms continue to integrate
 - B. Conglomerates exist
 - C. They have small capital
 - D. They enjoy economies of scale
8. Which of the following is **NOT** a characteristic of factors of production?
 - A. They can equally be substituted for one another in the productive process
 - B. The same factor can often be used to produce a variety of goods
 - C. They must be used in fixed proportions to produce any good
 - D. They are scarce relative to their demand
9. A study of the age distribution of a country's population is of economic importance because
 - A. It determines the future size of the labour force
 - B. It affects the location of industries
 - C. It affects the localization of firms
 - D. It determines where most people live
10. The concept of optimum population refers to the size of population that
 - A. Can maximize marginal product
 - B. Can maximize total output
 - C. Can maximize average product
 - D. Is equal to the resources

Question 11 is based on **Figure 1** showing the budget lines of two goods X and Y



11. The shift of the budget line from A_0B_0 to A_0B_1 may be due to

- A. An increase in the price of good Y
- B. A fall in the price of good X
- C. A change in the income of consumers
- D. Available and cheap consumer credit facility

12. If the reduction of a commodity leads to a fall in total revenue from its sales, the demand for such a good is said to be

- A. Elastic
- B. Unitary
- C. Perfectly elastic
- D. Inelastic

Question 13 is based on table 1 below

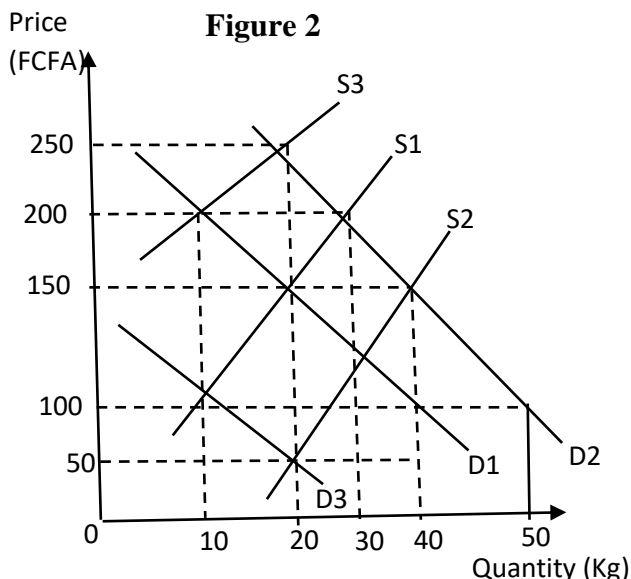
Table 1

Types of good	Income elasticity of demand	Nature of demand curve
X	Negative	Downward sloping
Y	Positive	Downward sloping
R	Positive	Upward sloping
S	Negative	Upward sloping

13. Which of the above is a normal good?

- A. Good R
- B. Good Y
- C. Good X
- D. Good S

Question 14 is based on **Figure 2**. D1 and S1 are initial demand and supply curve respectively.



14. If the financial aid to producers increases with a rise in the price of the complements, the new price and quantity would be

- A. 400 FCFA, 40kg
- B. 100 FCFA, 30kg
- C. 50 FCFA, 20kg
- D. 200 FCFA, 30kg

15. A good of ostentation is one for which quantity demanded increases as

- A. Consumer taste changes
- B. Its own price decreases
- C. Its price increases
- D. The income of consumer increases

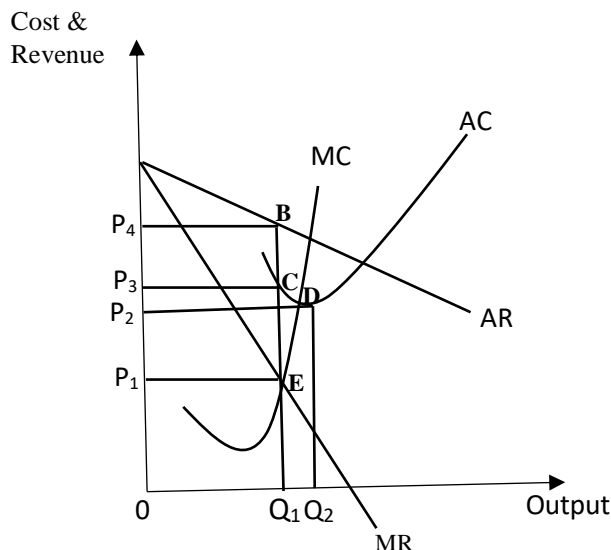
Question 16 is based on table 2 which shows the sales and total revenue of a firm

Table 2

Sales	Total revenue (million FCFA)
1	20
2	40
3	60
4	80
5	100
6	120

16. In which market is this firm operating?
- Monopoly market
 - Monopolistically competitive market
 - Oligopolistic market
 - Perfect market
17. A profit-maximizing firm has an output of 10 Units per period. The total fixed costs are 1,000 FCFA and Total Variable costs are 2,000FCFA. What is the minimum price per unit it should accept in the short run?
- 200 FCFA
 - 50 FCFA
 - 100 FCFA
 - 300 FCFA
18. A firm should close down in the long term if its price is not able to cover
- Fixed cost
 - Total cost
 - Variable cost
 - Average cost
19. At a given time, a monopolist can control
- Output only
 - Price only
 - Price or output but not both
 - Both price and output

Question 20 is based on **Figure 3**, showing the cost and revenue position of a firm



20. The total cost of the firm at the equilibrium output is
- OP1EQ1
 - OP3CQ1
 - OP4BQ1
 - OP₂DQ₂

Question 21 is based on **Table 3** which shows price and output as workers are recruited by a firm

No of workers	Total production (tons)	Price of output (FCFA)
1	10	10,000
2	22	10,000
3	36	10,000
4	44	10,000
5	50	10,000

21. If the firm employs 5 workers, then the equilibrium wage would be
- 100,000 FCFA
 - 10,000 FCFA
 - 60,000 FCFA
 - 50,000 FCFA
22. Interest and profit are different in that
- Interest is a reward to share capital while profit is a reward to loan capital
 - Interest may be negative while profit may not
 - Interest is always positive while profit fluctuates
 - Interest fluctuates while profit is positive
23. The relationship between the price of securities and the market rate of interest is
- Direct
 - Proportional
 - Disproportionate
 - Inverse

24. National income plus transfer payment minus undistributed profit is
- Personal disposable income
 - Net national product
 - Personal income
 - Net personal income
25. Suppose the nominal GDP of Cameroon increased from 6,000Billion FCFA in 1995 to 6,250Billion FCFA in 1996. If the base year was 1995 and the GDP deflator for 1996 was 125, what was the real GDP in 1996?
- 7,812.5 billion FCFA
 - 6,125 billion FCFA
 - 4,800 billion FCFA
 - 5,000 billion FCFA

Question 26 is based on the national income data below (figures are in million FCFA)

GNP at market price	2,000
Net property income from abroad	-20
Indirect Taxes	80
Subsidies	20
Depreciation	800

26. The value of the national income is
- 1,140 million FCFA
 - 1,180 million FCFA
 - 1,260 million FCFA
 - 1,940 million FCFA
27. The formula; consumption + investment – import + government spending + exports represent;
- Total domestic expenditure
 - Total final expenditure
 - Net domestic expenditure
 - Gross domestic expenditure
28. The paradox of thrift is based on the fact that, the more people save, the more
- Income rises, causing saving to fall
 - Income falls, causing savings to fall
 - Income rises, causing savings to rise
 - Income falls, causing saving to rise

29. A closed economy has an MPC of 0.8. the equilibrium level of national income is 4,000 million FCFA and the full employment income is 5,000 million FCFA. Assuming private investment is unaffected, how much must government final expenditure be increased for full employment to be attained?
- 200 million FCFA
 - 640 million FCFA
 - 800 million FCFA
 - 1,000 million FCFA
30. The basic assumption underlying the accelerator principle is that
- Investment depends on the rate of change of output
 - Investment depends on the level of savings
 - Investment depends on the rate of change of interest rates
 - Investment depends on the level of business expectations

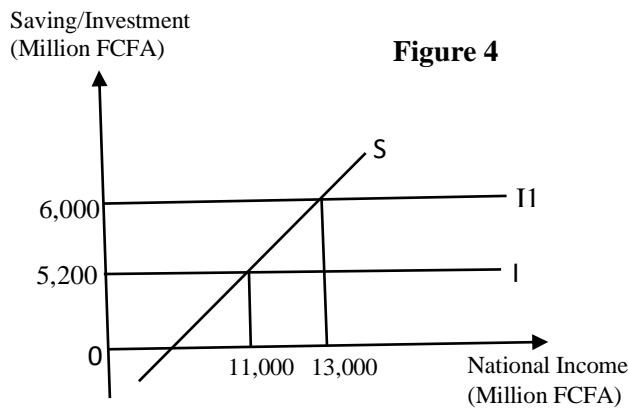
Question 31 is based on **Table 4**, which shows a country's consumption schedule.

Table 4

Income (Y) FCFA	Consumption (FCFA)
0	600
1,000	1,300
2,000	2,000
3,000	2,700
4,000	3,400
5,000	4,100

31. The savings function is represented by
- $S = 600\text{FCFA} + 0.7Y$
 - $S = 600\text{FCFA} - 0.3Y$
 - $S = -600\text{FCFA} + 0.3Y$
 - $S = -600\text{FCFA} - 0.7Y$

Question 32 is based on figure 4, showing the savings and investment situation in an economy.



32. The value of the multiplier is

- A. 1.7
- B. 2.5
- C. 4
- D. 6

33. The speculative demand for money is

- A. An inverse function of the price of goods
- B. An inverse function of the interest rate
- C. A positive function of the price of goods
- D. A positive function of the interest rate

34. Demand pull inflation may most likely

- A. Stimulate production
- B. Force down the rate of interest on loans
- C. Change the distribution of income in favour of people with fixed incomes
- D. Improve performance in foreign markets

35. If the bank receives a new demand deposit of 100,000million FCFA and the liquidity ratio of the bank is 20% then the bank can lend out

- A. 20,000 million FCFA
- B. 400,000 million FCFA
- C. 80,000 million FCFA
- D. 500,000 million FCFA

36. If the government spending exceeds tax collection

- A. Private saving is positive
- B. Public saving is positive
- C. There is a budget deficit
- D. There is a budget surplus

37. The part of the government debt which consist of treasury bills is often referred to as floating debt because

- A. The cost of servicing the debt is high
- B. It represents short-term borrowing which has to be continually refinanced
- C. The government borrowed the money and used in capital projects
- D. The debt was used to finance current spending.

38. A country has a progressive income tax. The first 6,000 FCFA earned is tax free. Thereafter, the next 20, 000 FCFA of income earned is taxed 25% and all the taxable income above that is taxed 50%. If a person earns 50, 000 FCFA, how much tax will he pay?

- A. 5,000 FCFA
- B. 12,000 FCFA
- C. 17,000 FCFA
- D. 25,000 FCFA

39. The process by which a country attempts to reduce the purchase of foreign goods by encouraging local firms to produce these goods at home is known as

- A. Export promotion
- B. Export substitution
- C. Import stabilization
- D. Import substitution

40. In which trade bloc do members states trade freely amongst themselves, but each member state has the latitude to impose individual tariff rates against non-members?

- A. Custom union
 - B. Free trade area
 - C. Common market
 - D. Economic community
41. Under which of the following situation may a union experience favourable terms of trade?
- A. Import prices fall
 - B. Export prices fall
 - C. Export prices fall faster than import prices
 - D. Export prices fall equal to import prices
42. To which economic bloc does Cameroon belong?
- A. ECOWAS
 - B. CEMAC
 - C. I.M.F
 - D. BEAC
43. Economic growth is depicted by
- A. A movement along the production possibility frontier toward capital goods
 - B. A shift of the production possibility frontier outwards
 - C. A movement along the production possibility frontier towards consumer goods
 - D. A shift of the production possibility frontier inwards
44. In a trade cycle a downturn occurs when real gross domestic product
- A. Is high
 - B. Declines
 - C. Fluctuates
 - D. Does not change
45. The type of unemployment that cannot be avoided in an economy is known as
- A. Mass unemployment
 - B. Residual unemployment
 - C. Cyclical unemployment
 - D. Frictional unemployment
46. A situation when an unemployed person receiving social security benefits is not encouraged to look for work is termed
- A. Unemployment trap
 - B. Poverty trap
 - C. Poverty string
 - D. Unemployment string
47. The largest source of tax revenue to the government is
- A. The social security tax
 - B. The poverty tax
 - C. The personal income tax
 - D. The value added tax
48. An increase in the supply of money will cause interest rates to
- A. Rise and later fall
 - B. Remain unchanged
 - C. Rise
 - D. Fall
49. The law of demand states that
- A. As the price rises the quantity demanded falls
 - B. As the price rises the quantity demanded rises
 - C. As the quantity demanded rises the price rises
 - D. As the quantity demanded falls the price rises
50. Which document in the formation of a limited company listed below regulates the external affairs of the economy?
- A. Certificate of incorporation
 - B. Article of association
 - C. Prospectus
 - D. Memorandum of association