

CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD
General Certificate of Education Examination

0525 ECONOMICS 1

JUNE 2018

ORDINARY LEVEL

Centre Number	
Centre Name	
Candidate Number	
Candidate Name	

Mobile phones are NOT allowed in the examination room.
MULTIPLE CHOICE QUESTION PAPER

One and half hours

INSTRUCTIONS TO CANDIDATES

Read the following instructions carefully before you start answering the questions in this paper. Make sure you have a soft HB pencil and an eraser for this examination.

1. USE A SOFT HB PENCIL THROUGHOUT THE EXAMINATION.
2. DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO.

Before the examination begins:

3. Check that this question booklet is headed “**Ordinary level – 0525 Economics 1**”
4. Fill in the information required in the spaces above.
5. Fill in the information required in the spaces provided on the answer sheet using your HB pencil:
Candidate Name, Exam Session, Subject Code, Centre Number and Candidate Number.
Take care that you do not crease or fold the answer sheet or make any marks on it other than those asked for in these instructions.

How to answer the questions in this section

6. Answer **ALL** the **50** questions in this Examination.
7. Each question has FOUR suggested answers: **A, B, C** and **D**. Decide which answer is appropriate. Find the number of the question on the Answer Sheet and draw a horizontal line across the letter to join the square brackets for the answer you have chosen.
For example, if **C** is your correct answer, mark **C** as shown below:
[A] [B] {C} [D]
8. Mark only one answer for each question. If you mark more than one answer, you will score a zero for that question. If you change your mind about an answer, erase the first mark carefully, then mark your new answer.
9. Avoid spending too much time on one question. If you find a question difficult, move on to the next question. You can come back to this question later.
10. Do all rough work in this booklet using the blank spaces in the question booklet.
11. **At the end of the examination, the invigilator shall collect the answer sheet first and then the question booklet. DO NOT ATTEMPT TO LEAVE THE EXAMINATION HALL WITH I**

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Turn Over



1. A deliberate reduction in the value of a country's currency in relation to others is called:

A Devaluation

B Depreciation of currency

C Appreciation of currency

D Revaluation

A 100 FCFA

B 200 FCFA

C 300 FCFA

D 400 FCFA

Go on to the next page

2. One factor that will cause the demand curve to shift to the right is:

A A fall in population

B Increase in the price of factors of production

C A fall in the price of substitutes

D Successful advertisement

3. In a given year, a country had a population of 10,000 people in January and during the year 300 people came in and 200 people went out. What is the net migration?

A 9,900 people

B 100 people

C 500 people

D 10,100 people

4. A household allocates the following amounts for its liquidity preference:

Transactions motive = 120,000 FCF

A

Speculative motive = 30,000 FCF

A

Precautionary motive = 50,000 FCFA

What is the active balance of this household?

A 120,000 FCF A

B 150,000 FCF A

C 170,000 FCFA

D 200,000 FCF A

6. In order to raise more revenue, government should impose high taxes on goods with:

A Fairly elastic demand

B Unit elastic demand

C Perfectly elastic demand

D Fairly inelastic demand

7. The price paid for labour services is known as:

A Time rate

B Wage rate

C Piece rate

D Bonus rate

8. Which of the following factors will increase the size of the national income of a country?

A Improvement in living standards

B Increase in national output

C Increase use of natural

D Increase in government revenue

9. To reduce the amount of money in circulation, government should:

A Make use of funding

B Reduce special deposits

C Reduce the cash ratio

D Sell securities in the open market

10. A debenture holder is one who has:

A lent money to the company

B a right to dividends from the company

C borrowed money from the company

D bought shares in the company

5. Study the table below and answer this question.

Output (Kg)	0	1	2	3	4
Total cost(FCFA)	300	500	900	1200	1600

The average fixed cost when output is 3 units is:

11. When the government desires to control inflation in an economy, what type of budget would she adopt?

A. Balanced Budget

B Surplus Budget

C Deficit Budget

D Programmed Budget

12. Production is considered complete only when:
- A The goods arrive the market.
 - B Factors of production are completely combined to produce goods and services
 - C The finished product is realized in the factory
 - D Goods reach the final consumers

13. Which of the following is an objective of the government?
- A Impose taxes and subsidies
 - B Price stability and full employment
 - C Apply open market operations
 - D Raise revenue

14. A disequilibrium in the Balance of Payments means:
- A Overall imports exceeds exports in the balance of payment
 - B Overall capital outflows exceeds capital inflow in the balance of payment
 - C Overall exports exceeds imports in the balance of payment
 - D Overall deficit or surplus in balance of payment

15. As the price of a commodity rises from 100FCFA to 150 FCFA per unit. quantity supplied will increase by 25%. What will be the elasticity of supply?
- A 0.13
 - B 1.5
 - C 0.5
 - D 0.05

16. Which of the following is an example of a direct tax?
- A Corporation Tax
 - B Sales Tax
 - C Excise
 - D duties Tax

17. In public corporation the business losses are born by:
- A Shareholders
 - B Taxpayers
 - C Debenture holders
 - D Managers

18. Study the table and answer the question that Follows

Assets	Monetary_ value(FCFA)
Coins and notes in till	4,000,000
Advances	10,000,000
Investments	8,000,000
Balances with the Central Bank	3,000,000

What IS slim of the two most liquid assets. ?

- A 18,000,000 FCFA
- B 14,000,000 FCFA
- C 11,000,000 FCFA
- D 7,000,000 FCFA

19. Which of the following is a characteristic of a perfect market?

- A Heterogeneous commodities
- B Preferential treatment
- C Homogenous commodities
- D Price fluctuation

20. Which of the following groups of activities fall under tertiary production?

- A Banking teaching and transportation
- B Mining. fishing and lumbering
- C Mining .teaching and tourism
- D Construction, transformation and transportation

21. This question is based on the table showing the outputs of Cameroon and China in the production of Shoes and Tea

Country	Shoes(package	Tea(ton
Cameroon	8	12
China	30	10

Determine the total output of each product after specialization

- A 38 packages of shoes and 22 tons of tea
- B 60 packages of shoes and 24 tons of tea
- C 16 packages of shoes and 20 tons of tea
- D 76 packages of shoes and 44 tons of tea

22. Payments made to people for which there is no work done in the current period is known as:

- A Income Payments
- B Bonus Payments
- C Transfer Earnings
- D Transfer Payments

23. Price and quantity demanded are

inversely related. This statement means that:

- A As price rises, quantity demanded rises
- B As price falls, quantity demanded falls
- C As price rises, quantity demanded falls
- D As price rises, quantity demanded rises

proportionately

24. Fiscal policy is a government measure to control the economy by using:

- A Revenue and expenditure
- B The demand and supply of money
- C The tax base and interest rate
- D The cash ratio and bank rate



25. The factor of production which is most subjected to the law of diminishing returns is:

- A Labour
- B Land
- C Entrepreneur
- D Capital

26. Study this table showing exports and imports of a country in a given year

Items	Amount (Millions FCFA)
Visible exports	100
Visible imports	75
Invisible exports	150
Invisible imports	200

Calculate the Balance of Trade.

- A 50 Million FCFA
- B -25 Million FCFA
- C 25 Million FCFA
- D -50 Million FCFA

27. Study the table and answer the question that follows

Quantity demanded (TV sets)	Total revenue (FCFA)
1	150,000
2	300,000
3	450,000
4	600,000

What will be the revenue per unit of a TV set sold in the market?

- A 1,6000,000FCFA
- B 412.500FCFA
- C 600,000FCFA
- D 150, 000FCFA

28. Describe the policy in which the government uses customs duties to control imports?

- A Fiscal policy
- B Monetary policy
- C Incomes policy
- D Physical policy

29. Capital as a factor of production will earn:

- A Rents
- B Interest
- C Wages
- D Profit

30. The following items relate to the Balance of Payments of country X.

- I) Visible exports
- II) Visible imports
- III) Tourism
- IV) Interest and profits
- V) Investments abroad

Which of the above items relate to the capital account?

- A I and II only
- B III and IV only
- C IV only
- D V only

31. Which function of money has solved the problem of double coincidence of wants?

- A Store of value
- B Measure of value
- C Medium of exchange
- D One way payment

32. Which of the following trade restrictions can be used to raise government revenue?

- A Quotas
- B Tariffs
- C Exchange Controls
- D Subsidies

33. The location of the plywood industry in Cameroon is mainly influenced by:

- A Availability of good transport system
- B Availability of power supply
- C Availability of adequate workforce
- D Availability of forest

34. If an increase in income leads to a reduction in the demand for a good, then it can be referred to as:

- A A normal good
- B A substitute good

- C An inferior good
- D An ostentatious good

35. One positive check to population growth as proposed by Malthus is:

- A famine
- B Birth control
- C Late marriages
- D Family planning

36. One reason for privatizing state owned assets is to:

- A Reduce unemployment
- B Reduce government expenditure
- C Reduce competition
- D Reduce Balance of Payments deficit

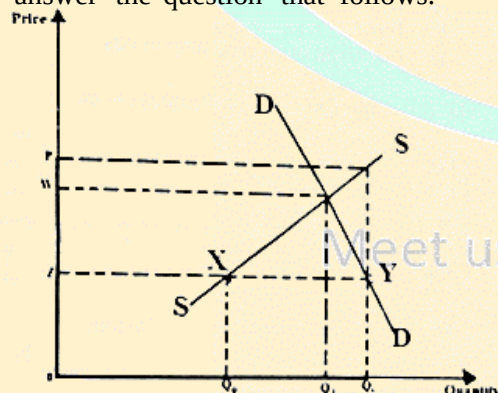
37. Study the following table and answers the questions that follows

Output in units	Total costs in FCFA
0	10,000
1	14,000
2	18,000
3	24,000
4	36,000

What is the average cost when 3 unit of output are produce?

- A 10,000 FCFA
- B 12,000 FCFA
- C 6,000 FCFA
- D 8,000 FCFA

38. Study the demand and supply diagram and answer the question that follows:



What does XY signify

- A Shortage
- B Surplus
- C Maximum price
- D Minimum price



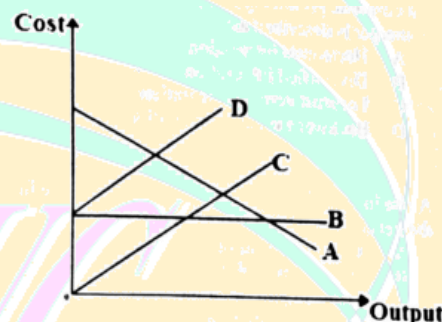
39. In internal economies of scale, the use of large machines in production is an example of:

- A Risk bearing economies
- B Technical economies
- C Financial economies
- D Marketing economies

40. One characteristic of a developed economy is:

- A Low per capita income
- B Low life expectancy
- C Low dependency ratio
- D Low living standards

41. This question is based on the diagram below.



Identify curve D on the graph.

- A Average Total Costs
- B Total Variable Costs
- C Total Fixed Costs
- D Total Costs

42. Which of the following is a disadvantage of a direct tax?

- A It is uncertain in nature
- B It is a disincentive to hard work
- C It is regressive in nature
- D It is equitable

43. A document which shows the relationship between the company and the general public is called:

- A Memorandum of Association
- B Articles of Association
- C Certificate of Trading
- D Certificate of incorporation

44. Which of the following factors will cause the supply of a good to be inelastic?

- A Availability of substitutes
- B Mobility of factors of production
- C High cost of production
- D Improved weather conditions

45. A furniture manufacturing company merges with a cosmetic producing company. This type of merger is described as:

A Horizontal integration
B Diversified integration
C Forward vertical integration
D Backward vertical integration

200	4000
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If the price of the commodity falls from 4000FCFA to 3000FCFA, the elasticity of demand

A 1
B 1.4
C 0.5
D 2

46. A rise in the price of raw materials causes a rise in the general price level. This is a description of:

A Creeping inflation
B Inflationary spiral
C Demand pull inflation
D Cost push inflation

STOP

47. Which of the following is a reason for conducting a population census?

A To know the cost of conducting a census
B To reduce the level of illiteracy
C To help distribute social amenities
D To increase government revenue

48. This table shows the National Income figures and population statistics for 4 countries W X Y and Z

Country	Population (million)	National Income(in millions of US Dollar)
W	400	200
X	110	550
Y	600	900
Z	140	350

Which country has the highest per capita income?

A Country X
B Country Y
C Country W
D Country Z

49. One main characteristic of wealth is:

A It can be owned by the rich only
B It can be owned by businesses only
C It is limited in supply
D It is made up of consumer goods

50. This demand schedule is for the question below.

Price in FCFA	Quantity demanded in tons
500	1500
400	2000
300	3000



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