

SC20311  
WASSCE 2022  
ECONOMICS 1  
Objective  
1 hour

Name.....

Index Number.....

THE WEST AFRICAN EXAMINATIONS COUNCIL

West African Senior School Certificate Examination  
for School Candidates

SC 2022

ECONOMICS 1

1 hour

[OBJECTIVE]

[50 marks]

Do not open this booklet until you are told to do so. While you are waiting, read and observe the following instructions carefully. Write your name and index number in ink in the spaces provided above.

- Use 2B pencil throughout.
- On the pre-printed answer sheet, check that the following details are correctly printed:
  - In the space marked *Name*, check your surname followed by your other names.
  - In the spaces marked *Examination, Year, Subject* and *Paper*, check 'WASSCE', 'SC 2022', 'ECONOMICS', and '1' in that order.
  - In the box marked *Index Number*, your index number has been printed vertically in the spaces on the left-hand side, and each numbered space has been shaded in line with each digit. Reshade each of the shaded spaces.
  - In the box marked *Subject Code*, the digits 203112 are printed vertically in the spaces on the left-hand side. Reshade the corresponding numbered spaces as you did for your index number.
- An example is given below. This is for a male candidate whose name is Aaron Kwesi NKOAH. His index number is 7102143958 and he is offering *Economics 1*.

THE WEST AFRICAN EXAMINATIONS COUNCIL

PRINT IN BLOCK LETTERS.		GHA
Name:	NKOAH AARON KWESI	
Examination:	WASSCE	Year: SC 2022
Subject:	ECONOMICS	Paper: 1

INSTRUCTIONS TO CANDIDATES  
 1. Use grade 2B pencil throughout.  
 2. Answer each question by choosing one letter and shading it like this:  A  B  C  D  
 3. Erase completely any answer you wish to change.  
 4. Leave extra spaces blank if the answer spaces provided are more than you need.

INDEX NUMBER										
	0	1	2	3	4	5	6	7	8	9
1	0	1	2	3	4	5	6	7	8	9
2	0	1	2	3	4	5	6	7	8	9
3	0	1	2	3	4	5	6	7	8	9
4	0	1	2	3	4	5	6	7	8	9
5	0	1	2	3	4	5	6	7	8	9
6	0	1	2	3	4	5	6	7	8	9
7	0	1	2	3	4	5	6	7	8	9
8	0	1	2	3	4	5	6	7	8	9

SUBJECT CODE										
	0	1	2	3	4	5	6	7	8	9
0	0	1	2	3	4	5	6	7	8	9
1	0	1	2	3	4	5	6	7	8	9
2	0	1	2	3	4	5	6	7	8	9

For Supervisors only  
 If candidate is absent  
 shade this space.

Answer **all** the questions.

Each question is followed by **four** options lettered A to D. Find out the **correct** option for each question and shade in **pencil** on your answer sheet, the answer space which bears the same letter as the option you have chosen. Give only **one** answer to each question. An example is given below.

Economics is a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses. *Ends* here refers to

- A. input.
- B. wants.
- C. choice.
- D. output.

The **correct** answer is wants, which is lettered B and therefore answer space B would be shaded.

Think carefully before you shade the answer spaces; erase completely any answer you wish to change.

Do all rough work on this question paper.

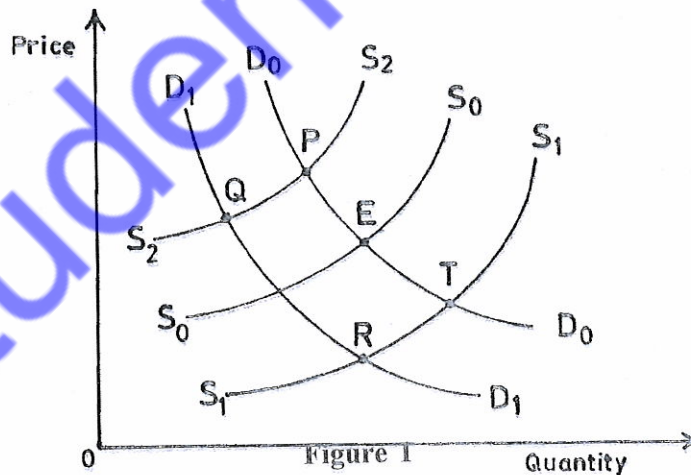
Now answer the following questions.

1. Demand-pull inflation is likely to be caused by
  - A. an appreciation in the value of a currency.
  - B. a decrease in income tax rate.
  - C. an increase in bank interest rate on loans.
  - D. an increase in budget surplus.
  
2. The trade restriction that limits the volume of imports in a given period of time is called
  - A. an embargo.
  - B. a quota.
  - C. a ban.
  - D. a tariff.
  
3. In order to avoid double counting in the output approach of national income measurement, the values of
  - A. final and intermediate products must be added.
  - B. primary and secondary products only should be included.
  - C. output less than that of inputs of every sector is added.
  - D. inputs and outputs of every sector must be added.
  
4. The output of a firm increased from 30 to 40 *units* and its total cost increased from \$1200 to \$2000. What is the firm's marginal cost?
  - A. \$2000
  - B. \$1200
  - C. \$800
  - D. \$80
  
5. The crates of eggs produced in a poultry farm from Monday to Saturday are 0, 20, 10, 24, 36 and 30. The median is
  - A. 10 crates.
  - B. 17 crates.
  - C. 22 crates.
  - D. 24 crates.

6. In the building industry, cement used in construction is regarded as
- a finished good.
  - a natural good.
  - a consumer good.
  - an intermediate good.
7. Inadequate storage facilities for most agricultural products **mainly** result in
- changes in demand for agricultural products.
  - poor yield of both food and cash crops.
  - fluctuations in farmers' incomes.
  - fluctuations in government expenditure.
8. An increase in the payment of subsidy on rice production will
- increase the price of rice.
  - reduce the output of rice.
  - raise the output of rice.
  - discourage rice producers.
9. The negative slope of the demand curve is as a result of the
- forces of demand and supply.
  - law of diminishing returns.
  - law of diminishing marginal utility.
  - law of decreasing returns to scale.
10. An increase in the cost of labour input may cause
- supply of goods to rise.
  - quantity supplied of goods to increase.
  - supply of goods to decrease.
  - quantity supplied of goods to fall.
11. The rate of population increase may be reduced if the government
- encourages multiple marriages.
  - relaxes its immigration laws.
  - abolishes paid maternity leave.
  - reduces the rate of infant mortality.
12. A ban on the importation of rice can be shown by a
- leftward shift of the demand curve.
  - movement along the demand curve.
  - leftward shift of the supply curve.
  - movement along the supply curve.
13. If a minimum wage legislation is abolished, the wage rate will
- fall and employment will rise.
  - fall and employment will remain constant.
  - rise and employment will rise.
  - rise and employment will fall.

14. One feature of an inferior good is that as
- income increases, demand also increases.
  - income increases, demand decreases.
  - price increases, demand also increases.
  - price increases, demand decreases.
15. If there are different notes of the same denomination of a country's currency, it defies the quality of
- scarcity.
  - homogeneity.
  - durability.
  - divisibility.
16. There will be rapid industrialization in West Africa if
- governments take over all industries.
  - importation of consumer goods is liberalized.
  - credit facilities are made available to investors.
  - only primary goods are exported.
17. The retailer helps to increase consumer demand because he
- finances the wholesaler.
  - breaks bulk for the producer.
  - ives customers credit facilities.
  - gives information to the manufacturer.

The equilibrium position in the market for rice is shown as **E** in **Figure 1**.  
Use the diagram to answer question 18.



18. All other things being equal, if some farmers exit the market, the new equilibrium position will be
- P.
  - Q.
  - T.
  - R.

19. When marginal utility (MU) from the consumption of a product decreases, the MU can be increased by
- increasing its consumption.
  - reducing its consumption.
  - increasing the total utility.
  - equating average utility and price.
20. If the price of milk increases from \$ 30 to \$ 40 and quantity demanded decreases from 60 to 40 *cartons*, calculate the elasticity of demand.
- 0.25
  - 1.00
  - 1.13
  - 2.00
21. If the interest rate on savings increase, the amount of money people would like to hold will
- fall.
  - rise.
  - not change.
  - fluctuate.
22. An example of an expansionary monetary measure that can be implemented by the Central Bank is
- an increase in special deposits.
  - an increase in bank rate.
  - the purchase of securities in the open market.
  - the sale of securities in the open market.
23. Social capital **mainly** constitute
- infrastructure.
  - money.
  - factories.
  - land.
24. A *proportional tax* is one in which
- the same amount is paid as tax whatever the income.
  - the same rate is paid as tax whatever the value of the taxable object.
  - the rate of tax increases with income.
  - the amount paid as tax decreases with income.
25. Tariffs are desirable for the following reasons **except** that
- it raises income for the receiving country.
  - it helps to reduce the volume of imports.
  - infant industries producing similar products are protected.
  - it worsens a country's balance of payments position.
26. Economic development is said to have taken place in an economy if
- there is an increase in infant mortality.
  - capital intensive method has displaced labour.
  - there is equitable distribution of income and wealth.
  - the country ranks among the richest in the world.

27. If the aged and the youth of a country outnumber the working population, the country will have a high
- A. level of savings.
  - B. level of investment.
  - C. dependency ratio.
  - D. illiteracy rate.
28. If some farmlands are converted into building of residential houses, the opportunity cost of this choice is the
- A. houses that has been provided.
  - B. reduction in house rent.
  - C. amount spent by contractors.
  - D. crops that would have been harvested.
29. Goods that may **not** be produced in a capitalist economy are those whose
- A. production are not approved by the planning commission.
  - B. consumption are considered dangerous.
  - C. production are considered unprofitable.
  - D. consumption are not necessary because they are expensive.
30. If the quantity demanded of a product remains the same at all prices, demand is said to be
- A. fairly inelastic.
  - B. perfectly elastic.
  - C. fairly elastic.
  - D. perfectly inelastic.
31. A *free trade area* is one in which
- A. taxation, social and economic policies are harmonized.
  - B. trade restrictions are not imposed on members.
  - C. there is free mobility of factors of production.
  - D. there is common external tariff against non-members.
32. When a country experiences an increase in the proportion of working immigrants, the value of her
- A. gross domestic product (GDP) increases.
  - B. net domestic product (NDP) decreases.
  - C. net national product (NNP) increases.
  - D. per capita income increases.
33. The cost to a country of exploitation of her natural resources is likely to be a
- A. high rate of economic development.
  - B. low incidence of rural-urban migration.
  - C. high incidence of environmental pollution.
  - D. low development of infrastructural facilities.
34. When the tax burden of a product is borne by the consumer alone, demand is
- A. fairly elastic.
  - B. fairly inelastic.
  - C. perfectly elastic.
  - D. perfectly inelastic.

35. Maximum price control is necessary if
- the government wants to create jobs.
  - there is an excessive demand for a commodity.
  - there is a need to protect producers.
  - there is a need to protect buyers.
36. The **main** economic problem facing producers is
- making consumers derive maximum satisfaction.
  - providing adequate welfare services.
  - maximizing output and profit.
  - eliminating the problems of poverty.
37. A socialist economy is one associated with
- market allocation of resources.
  - queuing and rationing.
  - minimum government control.
  - consumer sovereignty.
38. The imputed value of an entrepreneur's own resources and services in production is referred to as
- business costs.
  - social costs.
  - implicit costs.
  - explicit costs.
39. One of the benefits of free trade is that it
- decreases government revenue from international trade.
  - encourages international specialisation.
  - enables a country to rely on others for all its needs.
  - discourages job creation.
40. At the point where demand for labour exceeds its supply in a free market economy, wage rate will be
- at equilibrium.
  - determined by the government.
  - below the equilibrium.
  - above the equilibrium.
41. The benefits a firm enjoys because of the growth in its size is
- increasing returns to scale.
  - returns to scale of production.
  - external economies of scale.
  - internal economies of scale.
42. Which of the following will **not** limit division of labour?
- High demand for the product.
  - Small size of market.
  - Adoption of trade by barter.
  - Low level of technology.

43. A **major** problem of a sole proprietorship that gives rise to a partnership is
- A. inadequate buyers for its products.
  - B. high taxes imposed by the government.
  - C. the small capital at its disposal.
  - D. the economies of scale that it enjoys.
44. Examples of transfer payments are
- A. scholarship grants and pension payments.
  - B. wages paid to house helps and pension payments.
  - C. doctors' salaries and nurses' bonuses.
  - D. landlords' rent and teachers' salaries.
45. A country can run into debt when she plans for a
- A. balanced budget.
  - B. surplus budget.
  - C. deficit budget.
  - D. zero-based budget.
46. In order to maintain price stability in an economy, government should
- A. increase salaries and wages.
  - B. increase personal disposable incomes.
  - C. reduce her expenditure.
  - D. devalue her currency.
47. Which of the following financial institutions does **not** operate in the Capital Market?
- A. Commercial Banks
  - B. Building Societies
  - C. Issuing Houses
  - D. Development Banks
48. A monopolist may raise its price without losing all of the quantity demanded if the
- A. product has close substitutes.
  - B. demand for the product is perfectly elastic.
  - C. demand for the product is inelastic.
  - D. demand for the product is infinitely elastic.
49. The *vicious circle of poverty* in developing countries indicates that low productivity tends to low
- A. birth rate and low death rate.
  - B. economic stability and low population growth.
  - C. savings rate and low capital formation.
  - D. unemployment rate and high economic growth.
50. Which of the following is **not** an assumption of the theory of comparative cost advantage? There are
- A. only two countries in the world.
  - B. many commodities produced in the world.
  - C. no trade restrictions.
  - D. no transport costs involved.

**END OF PAPER**



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PAPER 2

[80 marks]

2 hours

Answer **four** questions in **all**. **One** question **only** from Section A and any **three** questions from Section B.

You are reminded of the importance of clarity of expression and orderly presentation of relevant materials.

ggghhh

All questions carry equal marks.

SECTION A

Answer **one** question **only** from this section.

1. A manufacturer incurred the following expenses in the course of producing 100 cartons of chalk. He sold each carton for \$10. Use the information in **table 1** to answer the questions that follow.

Table 1

ITEM	EXPENSES (\$)
Machines	500.00
Rent	250.00
Depreciation	50.00
Insurance	15.00
Packaging	20.00
Excise duties	10.00
Salaries of managers	120.00
Wages	100.00
Advertisements	25.00
Electricity and fuel	20.00
Raw materials	150.00

ggghhh

- (a) Calculate the firm's:
- (i) total fixed cost (*TFC*); [7 marks]
  - (ii) total variable cost (*TVC*); [6 marks]
  - (iii) total cost (*TC*); [2 marks]
  - (iv) total revenue (*TR*); [2 marks]
  - (v) profit/loss. [3 marks]

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2. Table 2 below shows the age distribution of a hypothetical country. Use the information in the table to answer the questions that follow.

Table 2

AGE GROUP (YEARS)	POPULATION
0 - 15	150,000
16 - 40	400,000
41 - 65	300,000
66 and above	50,000

- (a) Calculate the size of:
- (i) dependent population; [2 marks]
  - (ii) active population. [2 marks]
- (b) What percentage of the total population is the:
- (i) labour force? [3 marks]
  - (ii) dependent population? [3 marks]
- (c) What is the ratio of the:
- (i) dependent population to the active population? [2 marks]
  - (ii) labour force to the total population? [2 marks]
- (d) State any **three** advantages of this type of age distribution. [6 marks]

ggghhh

SECTION B

Answer **three** questions **only** from this section.

3. (a) List **two** factors of production apart from land. [2 marks]
- (b) Explain **three** characteristics of land. [9 marks]
- (c) Outline **three** contributions of natural resources to your country. [9 marks]
4. (a) With an example of **each**, distinguish between *derived demand* and *composite demand*. [6 marks]
- (b) With the aid of appropriate diagrams, explain how an increase in the price of chicken will affect the demand for beef. [14 marks]

Index Number:.....

5. (a) Classify the economic activities below into the appropriate internal economies of scale:
- (i) diversification into new markets;
  - (ii) employing a production specialist;
  - (iii) reimbursed medical expenses;
  - (iv) reduced advertising costs;
  - (v) obtaining cheaper bank loans;
  - (vi) purchasing raw materials at lower prices; *ggghhh*
  - (vii) scholarship for children of staff;
  - (viii) providing subsidized housing;
  - (ix) diversification of its products;
  - (x) reduced transportation costs;
  - (xi) installing larger plant sizes;
  - (xii) ability to raise more capital through shares.
- [12 marks]
- (b) Outline **four** advantages to a firm that practises division of labour. [8 marks]
6. (a) Define *price discrimination*. [2 marks]
- (b) Explain the **two** things a monopolist can do to increase his revenue. [6 marks]
- (c) Outline **three** conditions which ensure that a single price rules in a perfect market. [12 marks]
7. (a) Define a *trade union*. *ggghhh* [2 marks]
- (b) Identify any **three** reasons why labour in some occupations are better paid than labour in other occupations. [9 marks]
- (c) Explain any **three** weapons an employer's association can use to protect their interests. [9 marks]
8. (a) Define *balance of trade*. [2 marks]
- (b) Describe any **two** barriers to international trade. [6 marks]
- (c) Outline any **four** benefits a country derives from international trade. [12 marks]

**END OF PAPER**