

SC2031
WASSCE 2020
ECONOMICS 1
Objective
1 hour

1

Name.....

Index Number.....

THE WEST AFRICAN EXAMINATIONS COUNCIL

West African Senior School Certificate Examination
for School Candidates

SC 2020

ECONOMICS 1
[OBJECTIVE]

1 hour

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.

1. Use 2B pencil throughout.
2. On the pre-printed answer sheet, check that the following details are correctly printed:
 - (a) In the space marked *Name*, check your surname followed by your other names.
 - (b) In the spaces marked *Examination*, *Year*, *Subject* and *Paper*, check 'WASSCE', 'SC 2020', 'ECONOMICS', and '1' in that order.
 - (c) 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.
 - (d) 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.
3. An example is given below. This is for a male candidate whose name is Elliot Kofi AGBANA. His index number is 7102143958 and he is offering Economics 1.

THE WEST AFRICAN EXAMINATIONS COUNCIL

PRINT IN BLOCK LETTERS.		GH
Name: <u>AGBANA ELLIOT KOFI</u>		
Examination: <u>WASSCE</u>	Year: <u>SC 2020</u>	
Subject: <u>ECONOMICS</u>	Paper: <u>1</u>	

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

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

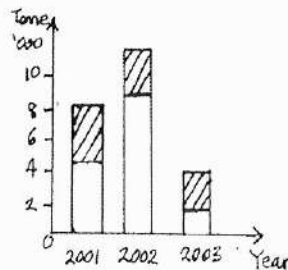
A B C D

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

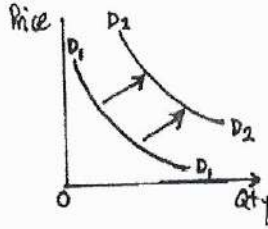
Do all rough work on this question paper.

Now answer the following questions.

1. Which of the following is central to the definition of Economics?
 - A. Resources
 - B. Scarcity
 - C. Wants
 - D. Capital
2. When the production possibility curve shifts outwards, the economy experiences
 - A. inefficient use of resources.
 - B. over-production.
 - C. growth.
 - D. under-production.
3. Land as a factor of production is made useful through the
 - A. use of machines.
 - B. acts of nature.
 - C. application of fertilizer.
 - D. application of human effort.
4. In a free market economy, resources are allocated through the
 - A. government department.
 - B. trade union.
 - C. price mechanism.
 - D. state planning committee.
5. The diagram above depicts a
 - A. simple bar chart.
 - B. component bar chart.
 - C. complex bar chart.
 - D. multiple bar chart.

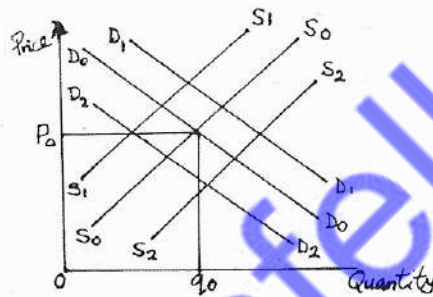


The diagram below shows change in demand for commodity X which is a normal good. Use it to answer the question that follows.

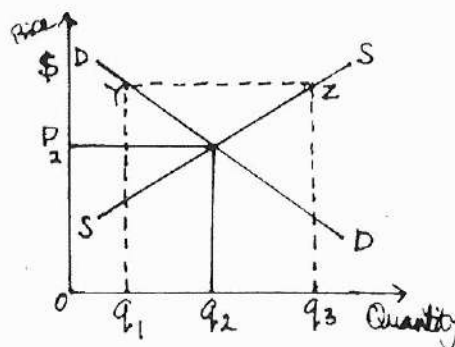


6. Which of the following caused the change in the demand from D_1D_1 to D_2D_2 ?
- Fall in the income of consumers
 - Rise in the price of a complement
 - Rise in the price of a substitute
 - Fall in the supply of commodity X

Use the diagram below to answer the question that follows.



7. The curves D_0D_0 and S_0S_0 are the initial demand and supply curves respectively. What happens when government provides subsidy to producers?
- The supply curve will shift from S_0S_0 to S_1S_1
 - The supply curve will shift from S_0S_0 to S_2S_2
 - The demand curve will shift from D_0D_0 to D_1D_1
 - The supply curve will shift from S_1S_1 to S_0S_0



8. In the graph above, YZ represents
- excess demand.
 - equilibrium quantity.
 - excess supply.
 - equilibrium price.

9. Goods are described as inferior if their demand
- decreases as income increases.
 - increases as income rises.
 - decreases as price falls.
 - increases as price increases.
10. A consumer is in equilibrium when
- his market supply is equal to his market demand.
 - the market is also in equilibrium.
 - he maximizes his satisfaction from spending his income.
 - he has consumed all he wants.
11. Goods that are abundant in supply usually have low
- marginal utility.
 - total utility.
 - average utility.
 - time utility.
12. An increase in supply means that
- more is sold at different prices.
 - there is a leftward shift of the supply curve.
 - more is sold at the same price.
 - there is a movement along the supply curve.
13. If an increase in the price of crude oil led to an increase in the prices of kerosene and grease, then kerosene and grease are in
- competitive supply.
 - joint supply.
 - market supply.
 - composite supply.
14. A seller increased the quantity he offered for sale from 200 units to 250 units when price of his product increased by 12.5%. What is the price elasticity of supply of his product?
- 1.00
 - 1.50
 - 2.00
 - 0.50
15. If an increase in the supply of beef increased the supply of hides, then beef and hides are in
- competitive supply.
 - composite supply.
 - joint supply.
 - joint demand.
16. If a beef market is in equilibrium at \$ 4.00 per kg, an increase in the price to \$ 6.00 per kg may cause
- shortage in the market.
 - surplus in the market.
 - black market to come into operation.
 - rationing to be introduced.

17. A large firm may experience diseconomies of scale if there is
- employment of more specialists.
 - division of labour in production.
 - difficulty in coordinating decisions.
 - decrease in cost of production.
18. Increasing returns to scale suggests that
- a firm can make profit by reducing output.
 - as the producer increases the quantity of raw materials used, the marginal product will fall.
 - as the producer reduces the quantity of raw materials used, the marginal product will double.
 - a firm can make more profit by increasing output.
19. One feature of the average fixed cost is that it
- is always higher than the average variable cost.
 - is U-shaped and intersects the y -axis.
 - rises and falls faster than the marginal cost.
 - falls continuously but is never equal to zero.
20. If the average fixed cost (AFC) of producing 5 bags of rice is \$ 20.00, the average fixed cost of producing 10 bags will be
- \$ 2.00.
 - \$ 10.00.
 - \$ 4.00.
 - \$ 20.00.

The total revenue schedule of a firm is shown as follows:

<i>Output (units)</i>	50	60	70	80	90
<i>Total Revenue (TR)</i>	\$ 85	\$ 102	\$ 119	\$ 136	\$ 153

Use the information to answer questions 21 and 22.

21. What is the unit price of the firm's output?
- \$ 2.00
 - \$ 2.70
 - \$ 10.00
 - \$ 1.70
22. What is the firm's marginal revenue?
- \$ 153.00
 - \$ 17.00
 - \$ 0.80
 - \$ 1.70
23. Organization and entrepreneurship are vested in different persons in a
- cooperative society.
 - public company.
 - partnership.
 - sole proprietorship.

24. The public sector in a mixed economy is **not** always efficient because of
- annual planning of activities.
 - the desire to make huge profit.
 - bureaucratic practices.
 - the activities of shareholders.
25. Which function of the wholesaler enables him to stabilize prices?
- Transporting goods
 - Advertising the goods
 - Granting credit to retailers
 - Warehousing goods
26. In the **long run**, as individuals receive higher wages, it causes
- demand for food to decrease.
 - demand for leisure to decrease.
 - supply of labour to decrease.
 - supply of normal goods to decrease.
27. Population growth rate can be calculated as
- birth rate – death rate + immigrants – emigrants.
 - birth rate – death rate + migration rate – immigration rate.
 - birth rate – death rate.
 - birth rate – death rate – emigrants – immigrants.
28. Labour productivity is defined as
- average output.
 - output per man hour.
 - the maximum number of hours worked.
 - total output of labour.
29. Which of the following problems has the **least** effect on agricultural productivity in West Africa?
- Incidence of pests and diseases
 - Unfavourable weather conditions
 - Illiteracy
 - Urban-rural migration
30. The location of iron and steel industry at a place is due to
- government policy.
 - access to cheap labour.
 - easy access to raw materials.
 - good infrastructure.
31. Import substitution as a strategy of industrialization is the
- replacement of locally produced goods with imported ones.
 - establishment of firms to process imported raw materials.
 - act of using local inputs to produce goods for export.
 - development of local firms to produce goods that are imported.
32. Which of the following are intermediate products?
- Furniture and shirt
 - Cement and steel
 - Handkerchief and shoe
 - Table and door

33. How is NNP at factor cost derived from GNP at market prices?
- GNP – Depreciation + Indirect taxes + Subsidies
 - GNP + Depreciation + Indirect taxes – Subsidies
 - GNP – Depreciation – Indirect taxes + Subsidies
 - GNP + Depreciation – Indirect taxes + Subsidies
34. Which of the following factors may lead to under-estimation of national income figures?
- Subsistence production
 - High volume of exports
 - Emigration of skilled workers to foreign countries
 - Availability of skilled statisticians
35. Inflation may occur if
- rate of productivity is higher than wage rate.
 - wage increase is granted without increase in productivity.
 - prices fluctuate during a particular season of the year.
 - the government embarks on restrictive monetary policy.
36. Money would cease to be a good store of value when
- prices of goods and services are falling slowly.
 - prices of goods and services are rising rapidly.
 - there is high level of unemployment.
 - prices of goods and services are rising slowly.
37. Governments in West Africa can curtail inflation by
- purchasing securities in the open market.
 - encouraging importation of goods from all countries.
 - selling securities in the open market.
 - encouraging banks to lend for consumption.
38. The central bank can reduce the ability of commercial banks to give out loans by
- reducing special deposit.
 - raising the bank rate.
 - reducing the liquidity ratio.
 - issuing more currency.
39. Tools of monetary policy do **not** include
- open market operations.
 - reserve requirement.
 - tax and public expenditure.
 - bank rate.
40. During inflation, the appropriate fiscal measure to adopt is to
- increase direct taxes.
 - increase indirect taxes.
 - reduce personal income tax.
 - increase government expenditure.
41. Mr X and Mrs Y pay \$ 500.00 and \$ 1,400.00 as taxes on their earnings of \$ 5,000.00 and \$ 7,000.00 respectively. The system of taxation employed is
- specific tax.
 - progressive tax.
 - regressive tax.
 - proportional tax.

42. Expenditure on food takes a large proportion of incomes of people in
- industrialized countries.
 - developing countries.
 - advanced countries.
 - capitalist countries.
43. A country should embark on development planning to ensure that
- its scarce productive resources are efficiently utilized.
 - it also does what others are doing.
 - it becomes popular among the comity of nations.
 - the nation is able to contribute its own quota to international organizations.
44. A country is allowed to import just 50,000 tonnes of rice annually. This describes
- devaluation.
 - tariff.
 - quota.
 - embargo.
45. Dumping is selling goods in a foreign market at a price
- above what is sold at the home market.
 - below what is sold at the home market.
 - equal to what is sold at the home market.
 - equal to the cost of producing the goods.
46. The principle of comparative advantage encourages a country to
- produce only consumer goods.
 - specialize in the production of all goods.
 - engage in trade if it can produce a commodity at a lower cost.
 - try as much as possible to be self-sufficient.
47. In order to discourage the importation of manufactured goods, a country should adopt
- import promotion strategy.
 - import substitution strategy.
 - liberal foreign exchange.
 - export led strategy.
48. A free trade area is one in which
- factors of production are mobile.
 - each member operates its own barriers against non-members.
 - members adopt common external tariffs against non-members.
 - members adopt common fiscal and economic policies.
49. The foremost objective of the International Bank for Reconstruction and Development (IBRD) is to
- help promote private and public investments.
 - assist members achieve balance of payments stability.
 - maintain stability of foreign exchange.
 - grant long term loans for infrastructure.
50. The exploitation of mineral resources constitutes which form of production?
- Tertiary production
 - Secondary production
 - Primary production
 - Services production

END OF PAPER