

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. Consumers make economic decisions **primarily** to
 - A. make more profit.
 - B. purchase more goods.
 - C. maximize their satisfaction.
 - D. maximize their expenditure.

2. A *centrally planned economy* differs from a *market economy* in that in the former,
 - A. private individuals own all resources.
 - B. social welfare determines resource allocation.
 - C. income inequality is always high.
 - D. rate of inflation is usually high.

3. When the price of a commodity increases and its quantity demanded increases, this commodity is an example of
 - A. a normal good.
 - B. an inferior good.
 - C. a good with many close substitutes.
 - D. an ostentatious good.

4. Ensuring the currencies of member countries are freely convertible is **one** function of the
 - A. International Monetary Fund (IMF).
 - B. Organization of Petroleum Exporting Countries (OPEC).
 - C. International Bank for Reconstruction and Development (IBRD).
 - D. African Development Bank (AfDB).

5. If a country's population grows faster than its national output, it will experience
 - A. rising standard of living.
 - B. reduction in prices of goods.
 - C. falling per capita income.
 - D. increasing per capita income.

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6. Exploitation of a country's natural resources will increase her
 - A. revenue from invisible trade.
 - B. level of deficit financing.
 - C. balance of payments deficit.
 - D. level of employment opportunities.
 7. A rightward shift of the demand curve for a commodity is caused by
 - A. a decrease in the income of consumers.
 - B. an increase in the price of the commodity.
 - C. a decrease in the price of its substitute.
 - D. a decrease in the price of its complement.
 8. In a labour-surplus economy, if the government fixes a minimum wage, the effect will be
 - A. a fall in supply of labour.
 - B. trade union agitating for higher wages.
 - C. an excess demand for labour.
 - D. that many workers may lose their jobs.
 9. The rating of individual wants in order of priority is
 - A. scale of preference.
 - B. demand schedule.
 - C. choice making.
 - D. opportunity cost.
 10. In economic analysis, the extreme values in a set of data **usually** affect the value of the
 - A. mode.
 - B. frequency.
 - C. median.
 - D. mean.
 11. Which of the following can lead to monopoly?
 - A. Sole ownership of an important raw material
 - B. Production of similar goods by many sellers
 - C. The making of super-normal profit by the seller
 - D. The entry of many buyers and sellers into the market
 12. If a country imposes a high tariff on the imported substitute of a locally produced good, the
 - A. price of the imported substitute will fall.
 - B. revenue of the local producer will increase.
 - C. demand for the imported substitute will rise.
 - D. supply of the locally produced good will remain the same.
 13. In production theory, the marginal product and average product are equal when
 - A. average product is maximum.
 - B. marginal product is negative.
 - C. total product is falling.
 - D. marginal product is maximum.
 14. The amount spent to purchase land and raw materials by a firm is an example of
 - A. fixed cost.
 - B. explicit cost.
 - C. real cost.
 - D. variable cost.

15. An increase in revenue as a result of a *unit* increase in the sale of a commodity is the
- average revenue.
 - total revenue.
 - marginal revenue.
 - net revenue.
16. Shares are freely transferable in a
- limited partnership.
 - private limited liability company.
 - public limited liability company.
 - statutory corporation.
17. The **main** aim of import-substitution strategy is to
- produce goods that are being imported.
 - increase the production of exports.
 - reduce the level of unemployment.
 - generate foreign exchange.
18. The system of taxation in which the tax rate is the same irrespective of the tax base is
- proportional tax.
 - specific tax.
 - progressive tax.
 - regressive tax.
19. Inflation caused by an increase in the purchasing power of individuals is **best** described as
- cost-push inflation.
 - creeping inflation.
 - demand-pull inflation.
 - hyper-inflation.
20. The financial market responsible for mobilizing short-term loans is the
- mortgage market.
 - money market.
 - capital market.
 - foreign exchange market.
21. Cooperative farms are able to achieve economies of scale **mainly** because they
- have large membership.
 - are registered by the government.
 - find it easier to sell their produce.
 - pool their resources together.
22. **One** measure government can adopt to accelerate a country's economic development is
- encouraging savings and investment.
 - encouraging the production of consumer goods only.
 - encouraging the consumption of imported goods.
 - ensuring increase in population growth rate only.
23. Production subsidies are granted to local firms to
- reduce the consumption of dangerous goods.
 - cause an increase in output.
 - make imported consumer goods affordable.
 - increase government internal revenue.

24. The transactions demand for money is reduced if there is
- a decrease in income tax.
 - an increase in the number of consumers.
 - an increase in interest rates on savings.
 - an increase in salaries and wages.
25. In which section of the balance of payments account will the imports of cars, refrigerators and drugs be recorded?
- Capital account
 - Visible trade account
 - Invisible trade account
 - Official financing account
26. If the sum of income of foreigners in Ghana is less than the sum of income of Ghanaian nationals abroad, the *net factor income from abroad* for Ghana will be
- zero.
 - negative.
 - positive.
 - fluctuating.
27. Which of the following statements is **true** of the long-run equilibrium positions of **both** *perfect competition* and *monopolistic competition*?
- Profit is maximized where marginal revenue and average revenue are equal
 - Profit is maximized where average cost and marginal cost are equal
 - Normal profits are earned
 - Super-normal profits are earned
28. Effective demand for a commodity is expressed in the market by
- need or desire expressed for the commodity.
 - willingness and ability to pay for the commodity.
 - habit of the consumer for the commodity.
 - taste and appetite developed for the commodity.
29. Foreign exchange earnings will increase if government encourages
- subsistence farming.
 - plantation agriculture.
 - food crop production.
 - peasant food production.
30. Which of the following will encourage agricultural development?
- Massive importation of food
 - Improved transportation network
 - Encouragement of subsistence farming
 - Imposition of price-ceiling on farm products
31. A factor input whose supply curve has both positive and negative slopes is
- natural resource.
 - crude oil.
 - capital.
 - labour.

Study the diagram in Figure 1 and use it to answer question 32.

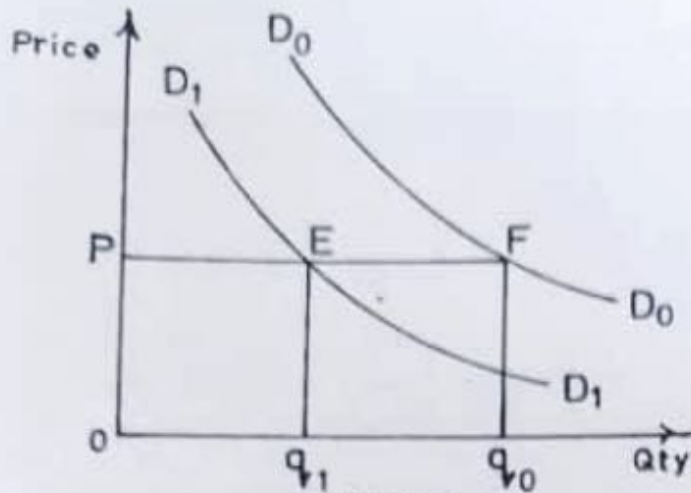


Figure 1

32. The shift of the demand curve from points F to E represents
- a fall in the quantity demanded.
 - an increase in the quantity demanded.
 - a decrease in demand.
 - an increase in demand.
33. Utility is maximized when the marginal utility per dollar spent on one commodity is
- greater than the marginal utility per dollar spent on the other.
 - equal to the total utility of the other.
 - the same as the marginal utility per dollar spent on the other.
 - less than the marginal utility per dollar spent on the other.
34. Specialization of labour is **best** defined as the
- breaking down of a production process into stages.
 - identifying tasks that will require training.
 - splitting of manufacturing into distinct operations.
 - concentration of workers' productive efforts on a particular task.
35. If there is an increase in the price of palm oil, palm kernel will experience
- an upward movement along its supply curve.
 - a rightward shift in its supply curve.
 - a leftward shift in its supply curve.
 - a downward movement along its supply curve.
36. An example of *occupational mobility of labour* occurs when, labour moves from
- a rural area to an urban area.
 - an urban area to a rural area.
 - agriculture to industry.
 - one school to another doing the same job.
37. If socks and shoes are in complementary demand, a fall in the price of shoes will
- decrease the demand for shoes.
 - not affect the demand for socks.
 - increase the demand for socks.
 - decrease the demand for socks.

38. If aggregate demand and output of goods increase at the same rate, prices will
- remain stable.
 - fluctuate.
 - increase slowly.
 - fall rapidly.
39. High cost of transporting finished goods will cause a firm to be located near the
- source of power supply.
 - source of the raw materials.
 - market for the product.
 - labour supply.
40. Middlemen are **not** relevant in the chain of distribution if the producer
- sells in bulk.
 - sells imported goods.
 - provides warehousing facilities.
 - provides personal services to clients.
41. Optimum population is desirable because it enables a country to
- attain maximum income per head.
 - over exploit its natural resources.
 - achieve low output per head.
 - experience low standard of living.
42. Increasing the consumption of a commodity will eventually add,
- more to marginal utility.
 - more to average utility.
 - nothing to average utility.
 - less to total utility.
43. A commodity whose coefficient of elasticity is equal to one has
- perfectly elastic demand.
 - unitary elastic demand.
 - zero elastic demand.
 - perfectly inelastic demand.
44. "Net" in the term *Net Domestic Product* indicates that
- taxes have been deducted.
 - costs of factor inputs used have been deducted.
 - transfer income have been deducted.
 - the value of wear and tear of capital have been deducted.
45. A similarity between the *Central Bank* and *commercial banks* is that they both
- manage the national debt.
 - regulate activities in the capital market.
 - implement government monetary policies.
 - act as referees to people.

46. An example of a labour service with an inelastic supply in the short-run is a
- A. doctor.
 - B. messenger.
 - C. driver.
 - D. cleaner.
47. A direct tax is one levied on
- A. income and capital gains.
 - B. production at every stage.
 - C. imported goods only.
 - D. goods and services.
48. A country's balance of trade is favourable if
- A. receipts from total exports is greater than her payments for total imports.
 - B. the value of her visible imports is greater than that of her visible exports.
 - C. the value of her visible exports is greater than that of her visible imports.
 - D. the value of goods exported equals the value of goods imported.
49. A developing country is usually characterized by a
- A. highly capital intensive agricultural sector.
 - B. low rate of infant and maternal mortality.
 - C. high rate of human capital formation.
 - D. primary sector that contributes more to national income.
50. Underemployment refers to a situation in which labour undertakes jobs and
- A. earns more salaries than they deserve.
 - B. delegates them to other subordinates.
 - C. works below their actual capabilities.
 - D. is unable to complete the jobs on schedule.

END OF PAPER