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DO NOT TURN OVER THIS PAGE UNTIL YOU ARE TOLD TO DO SO.
YOU WILL BE PENALIZED SEVERELY IF YOU ARE FOUND LOOKING AT THE NEXT PAGE BEFORE YOU ARE TOLD TO DO SO.
WHILE YOU ARE WAITING, READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

Paper 1

OBJECTIVE TEST

(50 marks)

1 hour

1. Use **HB pencil** throughout.

2. If you have got a blank answer sheet, complete its top section as follows.
   (a) In the space marked *Name*, write in capital letters your **surname** followed by your **other names**.
   (b) In the spaces marked *Examination, Year, Subject* and *Paper,* write 'WASSCE', '2015 JUNE', 'ECONOMICS' and '1' respectively.
   (c) In the box marked *Index Number,* write your **index number** vertically in the spaces on the left-hand side. There are numbered spaces in line with each digit. Shade carefully the space with the same number as each digit.
   (d) In the box marked *Paper Code,* write the digits **203112** in the spaces on the left-hand side. Shade the corresponding numbered spaces in the same way as for your index number.
   (e) In the box marked *Sex,* shade the space marked **M** if you are **male**, or **F** if you are **female**.

3. If you have got a pre-printed answer sheet, check that the details are correctly printed, as described in **2** above. In the boxes marked *Index Number, Paper Code* and *Sex,* **reshade** each of the shaded spaces.

4. An example is given below. This is for a **male** candidate, whose **name** is **Chukwuma Adekunle CIROMA,** whose **index number** is **4251102068** and who is offering **Economics 1.**

THE WEST AFRICAN EXAMINATIONS COUNCIL

PRINT IN BLOCK LETTERS

Name: CIROMA CHUKWUMA ADEKUNLE Examination: WASSCE Year: 2015 JUNE
    Surname   Other Names

Subject: ECONOMICS   Paper: 1

INDEX NUMBER	PAPER CODE	SEX
4	2	Indicate your sex by shading the space marked M (for Male) or F (for Female) in this box: M F
2	0	
5	3	
1	1	
1	1	
0	2	
2		
0		
6		
8		

For Supervisors only.
If candidate is absent shade this space: ☐

INSTRUCTIONS TO CANDIDATES
1. Use grade **HB pencil** throughout.
2. Answer each question by choosing one letter and shading it like this: [A]   [B]   [C]   ▬
3. Erase completely any answers you wish to change.
4. Leave extra spaces blank if the answer spaces provided are more than you need.
5. Do not make any markings across the heavy black marks at the right-hand edge of your answer sheet.

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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]   �   [C]   [D]

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

Do all rough work on this question paper.

Now answer the following questions.

1. Economics is regarded as a science because it

    A. studies laws that govern human behaviour.

    B. uses scientific method to explain human behaviour.

    C. makes use of controlled experiments to explain human behaviour.

    D. makes use of machines to study human behaviour.

2. Which of the following **cannot** be described as land?

    A. Forest

    B. Diamond

    C. Roads

    D. Crude oil

3. An outward shift of the production possibility curve shows that

    A. production is shifting to the right.

    B. resources are underutilized.

    C. economic growth has taken place.

    D. factors of production are moving outward.

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4. The following constitute the criteria for identifying an economic system **except**

    A. ownership of resources.

    B. scarcity of resources.

    C. method of decision making.

    D. motivation for production.

5. A disadvantage of the mean as a measure of central tendency is that, it

    A. is affected by extreme values.

    B. can only be used for continuous data.

    C. cannot be used to measure the qualities of a population.

    D. cannot be determined in grouped data.

6. Which of the following is **not** an effect of many middlemen in the chain of distribution?

    A. Shortage of commodities

    B. Low retail prices

    C. Hoarding of goods

    D. High retail prices

7. If the price of flour rises, then bread's

    A. demand curve will shift to the left while supply curve will shift to the right.

    B. supply curve will shift to the left.

    C. supply curve will shift to the right.

    D. demand curve will shift to the right while supply curve remains unchanged.

8. Which of the following is **not** a reason for abnormal demand?

    A. Price of the commodity

    B. Goods of ostentation

    C. Giffen goods

    D. Rare commodity

9. Increase in production subsidies will shift

    A. the demand curve to the left.

    B. the supply curve to the right.

    C. both the supply and demand curves to the left.

    D. the supply curve to the left and demand curve to the right.

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10. The market supply curve slopes upwards from left to right indicating that

    A. producers pay high taxes.

    B. two commodities can be supplied at the same time.

    C. at a lower price, less is supplied.

    D. at a lower price, more is supplied and demanded.

11. Government revenue will increase if taxes are levied on goods with

    A. perfectly elastic demand.

    B. fairly elastic demand.

    C. perfectly inelastic demand.

    D. unitary elastic demand.

12. If a given change in price brings about a proportionately larger change in quantity demanded, then

    A. demand is relatively price elastic.

    B. demand is relatively price inelastic.

    C. price elasticity of demand is unitary.

    D. price elasticity of demand is constant.

13. If the price of a commodity Z falls and a consumer buys less of it, then commodity Z is a

    A. necessity.

    B. good of ostentation.

    C. Giffen good.

    D. normal good.

14. In order to calculate *total utility* (TU) from given levels of *marginal utility* (MU), one has to

    A. subtract MU from TU.

    B. add MU from the various levels.

    C. multiply MU by the initial TU.

    D. divide current MU by previous MU.

15. Which of the following will **not** affect the market price of a commodity?

    A. Increase in demand

    B. Change in tastes

    C. Intersection of demand and supply

    D. Increase in supply

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16. All the following are methods of determining prices **except**

    A.   maximum pricing.

    B.   rationing.

    C.   minimum pricing.

    D.   auctioning.

17. The law of diminishing returns relates to

    A.   total utility.

    B.   average utility.

    C.   total product.

    D.   marginal product.

18. By adding all the marginal products at **each** level of employment of the variable input, we obtain a value equal to

    A.   average product.

    B.   total product.

    C.   average variable cost.

    D.   total cost.

19. Total cost is obtained by

    A.   adding up the marginal cost at each level.

    B.   dividing the total cost by output at each level.

    C.   adding up the average variable cost at each level.

    D.   adding up the average variable cost and total fixed cost.

20. Which of the following cost curves is **not** U-shaped? The

    A.   marginal cost curve

    B.   average fixed cost curve

    C.   average total cost curve

    D.   average variable cost curve

21. Which of the following business organizations is likely to experience disagreements between management and shareholders?

    A.   Co-operative society

    B.   Sole trader

    C.   Partnership

    D.   Joint-stock company

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22. Which of the following is **not** a method of controlling monopoly?

    A.   Preventing mergers

    B.   Indigenization

    C.   Privatization

    D.   Imposing high profit tax

23. Which of the following features distinguishes *a public limited company* from *a private limited company*?

    A.   Perpetual existence

    B.   Limited liability

    C.   Legal entity

    D.   Sale of shares to the public

24. Inflation may occur if there is

    A.   excess supply over demand.

    B.   increase in productivity.

    C.   excessive demand with limited supply.

    D.   increased government spending in a depressed economy.

25. Frictional unemployment occurs when

    A.   there is a change in the technique of production.

    B.   job seekers lack information where jobs exist.

    C.   bad weather prevent work from progressing.

    D.   job seekers have disabilities.

26. Which of the following will increase the demand for labour?

    A.   Increased wage rate

    B.   Labour's demand for output

    C.   Low wage rate

    D.   Low marginal productivity of labour

27. One reason for low agricultural productivity in **most** West African countries is that

    A.   farmers are not capable of cultivating cash crops.

    B.   it does not provide income to farmers with large families.

    C.   farmers find it difficult getting help from financial institutions.

    D.   it is not the only source of raw materials for agro-based industries.

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28. The movement of labour from one grade to an entirely different grade is an example of

   A.   industrial labour mobility.

   B.   horizontal occupational mobility.

   C.   vertical occupational mobility.

   D.   geographical mobility.

29. Ten bags of wheat bought for $50 by a flour miller were sold for $65. What is the Value Added Tax payable by the flour miller if the tax rate is 5%?

   A. $ 7.50

   B. $ 3.25

   C. $ 2.25

   D. $ 0.75

30. Which of the following is **not** a strong basis for trade union's demand for higher wages? The

   A.   company is making higher profit

   B.   productivity of the workers has increased

   C.   members of the union have high qualifications

   D.   commodity produced by the workers is very essential

31. The difference between the *gross domestic product* (GDP) and *gross national product* (GNP) is

   A.   depreciation.

   B.   transfer payment.

   C.   net income from abroad.

   D.   direct taxes.

32. Location of firms of an industry is **not** influenced by

   A.   availability of raw materials.

   B.   existence of other firms.

   C.   nearness to the source of money supply.

   D.   government policy.

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Turn over

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33. In national income accounting, the term **net** is used to indicate that a value

    A. includes income of foreigners.

    B. excludes income of citizens.

    C. includes depreciation.

    D. excludes depreciation.

34. Which of the following **best** describes token money?

    A. Money in the vaults of commercial banks

    B. Currency and coins in circulation

    C. Money with face value higher than its material content

    D. Coins and notes made of poor quality materjals

35. An industry is **best** described as

    A. firm that sells a set of closely related commodities.

    B. a factory that produces different lines of products.

    C. a group of firms that sell a closely related set of products.

    D. industrial concern that is into production and selling of goods.

36. In developing countries, a larger percentage of the labour force is employed in the

    A. trade sector.

    B. tertiary sector.

    C. primary sector.

    D. secondary sector.

37. The **main** item traded on a stock exchange market is

    A. treasury bills.

    B. travellers' cheques.

    C. foreign currencies.

    D. new shares.

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38. The proportion of commercial banks' total assets kept in the form of highly liquid assets is known as

   A   demand deposit.

   B.   fixed deposit.

   C.   cash ratio.

   D.   moral suasion.

EXPECTED REVENUE	
ITEMS	AMOUNT ($ m)
Rents and royalties	75.00
Company income tax	150.00
Customs and excise duties	300.20
Personal income tax	80.00
Fees and fines	60.80
Value added tax	100.00

Use the information contained in the table above to answer questions 39 and 40.

39. What is the total revenue from indirect taxes?

   A. $ 686.00 m

   B. $ 400.20 m

   C. $ 135.80 m

   D. $ 100.00 m

40. What is the total revenue from non-tax sources?

   A. $ 400.20 m

   B. $ 375.20 m

   C. $ 135.80 m

   D. $ 75.00 m

41. Which of the following is **not** an objective of economic planning?

   A.   Need to direct economic development of the country towards the desired direction

   B.   Desire to ensure a sustained structural development of the country

   C.   Desire to widen the gap between developing countries and the developed world

   D.   Management of scarce resources in the face of unlimited wants of the citizens

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42. In order to control inflation, the government should

    A. reduce the cost of borrowing.

    B. buy securities in the open market.

    C. adopt restrictive monetary policy.

    D. discourage savings.

43. When the demand for foreign exchange exceeds its supply, the value of the domestic currency

    A. appreciates.

    B. depreciates.

    C. remains unchanged.

    D. expands.

44. The exports of West African countries are **mainly** composed of

    A. services.

    B. raw materials.

    C. manufactured goods.

    D. consumer goods.

45. A conscious effort of government to achieve a specific set of goals is

    A. economic planning.

    B. economic development.

    C. economic growth.

    D. economic target.

46. A country has favourable terms of trade when the prices of her

    A. exports rise relative to the prices of imports.

    B. exports fall relative to the prices of imports.

    C. imports rise faster than the prices of exports.

    D. imports and exports move in the same direction.

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47. The abolition of all forms of trade barriers among member countries while maintaining common external tariffs against non-members is a feature of a

    A.   free trade.

    B.   customs union.

    C.   common market.

    D.   economic union.

48. In order to correct adverse balance of payments problem, government should

    A.   reduce tariffs.

    B.   increase subsidies on exports.

    C.   increase tax on local industries.

    D.   reduce personal income tax.

49. Which of the following is a benefit to a member country of the World Bank?

    A.   Easy access to long term loans

    B.   Management of foreign exchange

    C.   Mediating in labour disputes

    D.   Financing balance of payments deficit

50. Which of the following is an objective of *OPEC*? To

    A.   prevent fluctuation in prices of all commodities

    B.   protect the economic interest of all countries

    C.   control the level of output of oil

    D.   discover oil in all countries

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