

PC 2031  
WASSCE (PC1) 2020  
ECONOMICS 1  
Objective Test  
1 hour

# 1

Name: .....

Index Number: .....

**THE WEST AFRICAN EXAMINATIONS COUNCIL**  
West African Senior School Certificate Examination (WASSCE) for Private Candidates, 2020  
- First Series

(PC1) 2020

ECONOMICS 1

1 hour

OBJECTIVE TEST  
[50 marks ]

*Do not open this booklet until you are told to do so. While you are waiting, write your name and index number in the spaces provided at the top right-hand corner of this booklet and thereafter, read the following instructions carefully.*

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 (PC1)', '2020', '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 **20312** 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 **Chinedu Oladapo DIKKO**, whose **index number** is **5251102068** and who is offering **Economics 1**.

## THE WEST AFRICAN EXAMINATIONS COUNCIL

PRINT IN BLOCK LETTERS

Name: <u>DIKKO CHINEDU OLADAPO</u>	Examination: <u>WASSCE (PC1)</u> Year: <u>2020</u>
<small>Surname</small>	<small>Other Names</small>
Subject: <u>ECONOMICS</u>	Paper: <u>1</u>

INDEX NUMBER	
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SEX				
Indicate your sex by shading the space marked <b>M</b> (for Male) or <b>F</b> (for Female) in this box: <table style="display: inline-table; vertical-align: middle;"> <tr> <td style="padding: 0 10px;"><b>M</b></td> <td style="padding: 0 10px;"><b>F</b></td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	<b>M</b>	<b>F</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>M</b>	<b>F</b>			
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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 answer(s) 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.

Answer all the questions.

Each question is followed by four options lettered A to D. Find 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.

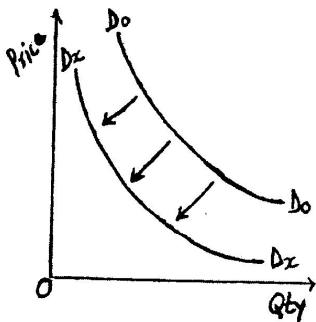
Do all rough work on this question paper.

Now answer the following questions.

- |  |  |
|--|--|
| <p>1. Human wants are insatiable because</p> <ul style="list-style-type: none"> <li>A. most people are greedy.</li> <li>B. new wants always emerge.</li> <li>C. producers are efficient.</li> <li>D. goods are not well advertised.</li> </ul> <p>2. Real cost is best explained as</p> <ul style="list-style-type: none"> <li>A. price of the commodity.</li> <li>B. scarcity and choice.</li> <li>C. unlimited wants.</li> <li>D. alternative sacrificed.</li> </ul> <p>3. Which of the following is part of working capital?</p> <ul style="list-style-type: none"> <li>A. Office equipment</li> <li>B. Raw materials</li> <li>C. Electricity and water</li> <li>D. Machines and tools</li> </ul> | <p>4. The economic system in which the price mechanism and the state determine what to produce is referred to as</p> <ul style="list-style-type: none"> <li>A. market economy.</li> <li>B. planned economy.</li> <li>C. mixed economy.</li> <li>D. capitalist economy.</li> </ul> <p>5. The value of a country's Gross Domestic Product (GDP) is \$300 million. If the share of cocoa is represented on a pie chart by a sector <math>90^\circ</math>, the value contributed by cocoa is</p> <ul style="list-style-type: none"> <li>A. \$75 million.</li> <li>B. \$225 million.</li> <li>C. \$270 million.</li> <li>D. \$1,200 million.</li> </ul> |
|--|--|

6. The **major** distinguishing feature between *effective demand* and *want* is in the
- nature of the commodity.
  - desire for the commodity.
  - ability to pay for the commodity.
  - cost of the commodity.
7. When a greater change in price results in a smaller change in quantity demanded, demand is
- fairly elastic.
  - fairly inelastic.
  - unitary elastic.
  - perfectly elastic.

Use the diagram in **Figure 1** below to answer question 8.



**Figure 1**

8. The shift in the demand curve from  $D_0D_0$  to  $D_xD_x$  is caused by
- an increase in income.
  - a fall in the price of a substitute.
  - a fall in the price of the commodity.
  - a decrease in the price of its complement.
9. In demand analysis, the vertical axis of a curve represents the
- dependent variable.
  - independent variable.
  - statistical variable.
  - qualitative variable.
10. A 5% increase in the price of sugar leads to a fall in the quantity demanded by 15%. The demand for sugar is
- perfectly elastic.
  - fairly elastic.
  - inelastic.
  - perfectly inelastic.
11. In consuming one commodity, the consumer is in equilibrium when
- marginal utility equals price.
  - marginal utility is above the price.
  - total utility diminishes quickly.
  - average utility is measured in *utils*.
12. Goods that are limited in supply have
- high average utility.
  - low average utility.
  - high marginal utility.
  - low marginal utility.
13. The supply of a commodity refers to the
- quantity of a product supplied at a particular price.
  - quantity of a product bought at a particular price.
  - amount of a commodity that is supplied.
  - amount of a commodity that is produced.
14. If a firm does **not** want to supply a commodity, the reason may be due to
- ownership of factors inputs.
  - plans to shut down.
  - plans to produce and store.
  - plans to export all the products.

15. If light can be supplied from electricity or gas, then light has a
- joint supply.
  - composite supply.
  - normal supply.
  - fixed supply.
16. A supply curve shows that price and quantity supplied have
- negative relationship.
  - positive relationship.
  - normal relationship.
  - abnormal relationship.
17. The supply of oranges is represented as  $P = 0.3Q$ , where  $P$  is the price and  $Q$  is the quantity. What is  $P$  when  $Q$  is 50?
- \$ 1.50
  - \$ 15.00
  - \$ 50.03
  - \$ 75.30
18. Which of the following conditions is considered as *external economies of scale*?
- Regular supply of power by the distribution company
  - The existence of buyers in a place
  - Adequately developed economic infrastructure
  - Favourable natural conditions in a place
19. Which of the following statements is **true** when marginal product equals average product?
- Total product is rising
  - Marginal cost is rising
  - Total product is falling
  - Marginal product equals zero
20. A firm's output capacity is the output at which
- marginal cost is lowest.
  - average cost equals marginal revenue.
  - average cost is lowest.
  - total cost is lowest.
21. The cost of machines in a factory is \$20,000 while raw materials cost is \$15,000. If 5,000 *units* are produced, the average cost is
- \$ 1.00.
  - \$ 3.00.
  - \$ 4.00.
  - \$ 7.00.
22. Total revenue of a monopolist is equivalent to
- marginal revenue multiplied by the quantity sold.
  - average revenue multiplied by the marginal revenue.
  - price multiplied by quantity produced.
  - average revenue multiplied by quantity sold.
23. An example of a perfect market is the
- money market.
  - stock market.
  - labour market.
  - financial market.

24. *Sole proprietorship* dominates retailing business in West Africa because it
- encourages division of labour.
  - can easily sell shares.
  - enjoys government support.
  - requires small capital to start.
25. *Public enterprises* are **mainly** established for the purpose of
- supporting the private sector.
  - improving the welfare of citizens.
  - maximizing profit.
  - creating employment.
26. Distribution of agricultural products in West Africa is inefficient as a result of
- absence of roads and railways.
  - inadequate number of middlemen to distribute the products.
  - poor storage facilities for the perishable goods.
  - absence of demand for agricultural products.
27. Doctors earn more than gardeners because they
- save lives.
  - are in short supply.
  - work extra hours.
  - are highly respected people.
28. Which of these would **not** increase the population of a country?
- Increase in death rate
  - Immigration
  - Increase in birth rate
  - Better medical facilities
29. The following factors can make labour more efficient **except**
- education.
  - incentives.
  - good working conditions.
  - the level of output.
30. Cooperative farming is encouraged by governments to ensure that
- individual farmers develop on their own.
  - farmers have more resources at their disposal.
  - more jobs are created for importers.
  - more people seek alternative employment.
31. The **best** location for a firm is where
- raw materials are readily available for use.
  - a market place is situated.
  - power is being generated.
  - it can achieve its profit maximizing objective.
32. Which of the following is **not** a problem of industrialization in developing countries?
- Low agricultural production
  - Shortage of unskilled manpower
  - poor infrastructural facilities
  - Shortage of capital
33. Double counting, unpaid services and inaccurate information are all
- disadvantages of international trade.
  - problems of calculating national income.
  - tools used in economic analysis.
  - national income methods.

34. The standard of living enjoyed by citizens of a country can be measured using the
- national income estimates.
  - real disposable income.
  - per capita income.
  - price index of consumer goods.
35. In a country where a high population of women are full-time housewives, the
- gross national product will be overestimated.
  - national income figures will remain the same overtime.
  - women will be more productive.
  - national income figures are reduced.
36. Real wages are likely to fall during periods of
- inflation.
  - revaluation.
  - deflation.
  - unemployment.
37. In most economies, if more people would like to borrow while few would lend, then
- there is rapid inflation.
  - the rate of taxation is high.
  - there is shortage of goods.
  - interest rates are high.
38. Deflation can lead to
- a rise in the value of money.
  - a decrease in the value of money.
  - an increase in the circulation of money.
  - a fall in interest rate on loans.
39. Which of the following tools of monetary policy is **not** backed by law?
- Special directives
  - Variable reserve requirement
  - Moral suasion
  - Bank rate
40. In order to reduce money supply in an economy, the Central Bank will
- buy securities.
  - sell securities.
  - reduce the discount rate.
  - reduce the cash ratio.
41. The budget drawn up by a country expects more revenue than it wants to spend. This describes a
- balanced budget.
  - surplus budget.
  - deficit budget.
  - trade deficit.
42. Mrs Y and Mr Z pay \$700.00 each as tax from their incomes of \$5,000.00 and \$7,000.00 respectively. The system of taxation employed is
- progressive.
  - regressive.
  - specific.
  - ad valorem.
43. In most developing countries, natural rate of population increase is
- high.
  - low.
  - easy to ascertain.
  - very moderate.

44. A developing country is one with a high rate of
- A. savings.
  - B. unemployment.
  - C. industrialization.
  - D. literacy.
45. A deficit in a country's balance of payments accounts can be adjusted by
- A. encouraging the importation of commodities.
  - B. a regular upward review of the exchange rate.
  - C. allowing the currency exchange rate to float.
  - D. encouraging trade with all countries.
46. If a country places a total ban on import of palm oil, this restriction describes
- A. a tariff.
  - B. a quota.
  - C. an exchange control.
  - D. an embargo.
47. There is an improvement in a country's terms of trade when
- A. export prices are falling with import prices rising.
  - B. export prices are rising faster than import prices.
  - C. import and export prices are increasing at the same rate.
  - D. both import and export prices are increasing at the same time.
48. Which of the following factors is **not** a cause of an unfavourable balance of payments?
- A. Surplus capital account balance
  - B. Low production
  - C. Unfavourable weather resulting in poor harvest
  - D. Inflation
49. How can natural resources enhance rapid economic growth in a country? By
- A. preserving them untapped for future generation.
  - B. adding value to them after exploitation.
  - C. exporting them in their raw state.
  - D. leaving them untapped in order not to destroy the environment.
50. The following are positive roles played by mineral resources in the economy **except**
- A. degradation of the environment.
  - B. contribution to a country's *GDP*.
  - C. creating opportunities for job placement.
  - D. introduction of external technology.