

201 S. H. S. C. E.  
May 2013  
Economics 1& 2  
Objective and Essay Tests  
2½ hours

Name: Isaac G...  
Index Number: 1110220924

# THE WEST AFRICAN EXAMINATIONS COUNCIL

## Senior High School Certificate Examination

ECONOMICS

May 2013

2½ hours

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 identification number in the space provided above.

This paper consists of two parts: Papers 1 and 2. Answer Paper 1 on your Objective Test Answer Sheet and Paper 2 in your Answer Booklet. Paper 1 will last for 1 hour after which the answer sheet will be collected. Do not start Paper 2 until you are told to do so. Paper 2 will last for 1½ hours.

### PAPER 1

OBJECTIVE TEST

[40 marks]

1 hour

- Use 2B pencil throughout.
- On the objective answer sheet supplied, provide the following details **correctly**:
  - Supply the information required in the spaces marked *CENTER NAME*, *CENTER No.*, *SCHOOL NAME* and *SCHOOL No.*
  - In the space marked *STUDENT'S NAME*, write your **surname** followed by your **other names**. Write your *IDENTIFICATION NUMBER* in the space marked *STUDENT No.*
  - In the spaces marked *SUBJECT* and *GRADE*, write **ECONOMICS AND 12TH** in that order.
  - In the box marked *IDENTIFICATION NUMBER*, provide your **identification number** vertically in the spaces on the left-hand side and shade each numbered space in line with each digit. This identification number must be the same as the one indicated on your Admission Slip. Repeat the process with the correct information for the box marked *YEAR OF FIRST ENTRY*.
  - In the box marked *Subject Code*, write the digits 201 vertically in the spaces on the left-hand side. **Shade** the corresponding numbered spaces as you did for your identification number.
- An example is given below. This is for a **male** candidate whose name is Sagbeh Bondoe FANIA. His identification number is 101123456; his first entry is in 2013 and he is offering **Economics**.

### THE WEST AFRICAN EXAMINATIONS COUNCIL-LIBERIA

PRINT IN BLOCK LETTERS	
TOE-BROWNE ACADEMY CENTER NAME	500104 CENTER No.
WYNNA GAYVOLOR HIGH SCHOOL SCHOOL NAME	101123 SCHOOL No.
FANIA, Sagbeh Bondoe STUDENT NAME	456 STUDENT No.
ECONOMICS SUBJECT	12TH GRADE

IDENTIFICATION NUMBER									
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YEAR OF FIRST ENTRY									
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SUBJECT CODE									
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For Supervisors only.  
If a candidate is absent  
shade this space. ☐

Shade the space marked  
M (for Male) or F (for Female) M F  
In this box ☒ ☐

2  
**PAPER 1**  
**OBJECTIVE**  
**[40 marks]**

Answer **all** the questions.

**1 hour**

*Paper 1 consists of **sixty** questions. Each question is followed by **four** options lettered **A** to **D**. Choose 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.*

The quantities on a graph are located along the

- A. vertical axis.
- B. horizontal axis.
- C. upward axis.
- D. downward axis.

*The correct answer is **horizontal axis** which is lettered **B** and therefore answer space **B** would be shaded.*

[A]



[C]

[D]

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

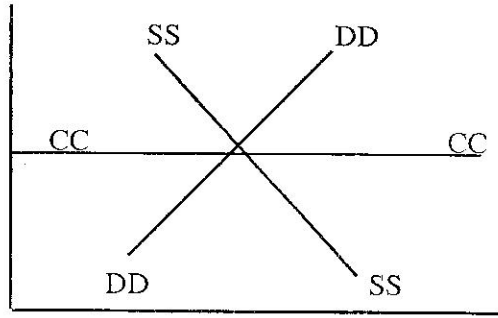
*Do all your rough work on this paper. Now answer the following questions.*

- |  |  |
|--|--|
| <p><b>1.</b> The branch of economics that deals with the total level of production is called</p> <ul style="list-style-type: none"><li>A. micro economics.</li><li>B. macro economics.</li><li>C. social economics.</li><li>D. political economics.</li></ul> <p><b>2.</b> An economic activity that is intangible but is paid for is called</p> <ul style="list-style-type: none"><li>A. production.</li><li>B. goods.</li><li>C. services.</li><li>D. consumption.</li></ul> <p><b>3.</b> Choices that are made without regards to scales of preference are said to be</p> <ul style="list-style-type: none"><li>A. rational choices.</li><li>B. scarce choices.</li><li>C. money choices.</li><li>D. irrational choices.</li></ul> <p><b>4.</b> Goods such as rainfall, sunshine and air are known in economics as</p> <ul style="list-style-type: none"><li>A. social goods.</li><li>B. free goods.</li><li>C. capital goods.</li><li>D. perishable goods.</li></ul> | <p><b>5.</b> The production of goods for self consumption or benefit is referred to as</p> <ul style="list-style-type: none"><li>A. direct production.</li><li>B. indirect production.</li><li>C. direct consumption.</li><li>D. indirect consumption.</li></ul> <p><b>6.</b> In which of the following economic sector is agriculture classified?</p> <ul style="list-style-type: none"><li>A. Production sector</li><li>B. Primary sector</li><li>C. Secondary sector</li><li>D. Tertiary sector</li></ul> <p><b>7.</b> The limited partnership consists of</p> <ul style="list-style-type: none"><li>A. 2 to 20 owners.</li><li>B. 5 to 20 owners.</li><li>C. 11 to 18 owners.</li><li>D. 12 to 20 owners.</li></ul> <p><b>8.</b> All of the following are types of capital <b>except</b></p> <ul style="list-style-type: none"><li>A. fixed capital.</li><li>B. current capital.</li><li>C. social capital.</li><li>D. variable capital.</li></ul> |
|--|--|

9. The law of supply indicates that producers ultimate aim is to  
 A. produce goods.  
 B. maximize profit.  
 C. distribute goods.  
 D. help low income earners.
10. Which of the following determines the price of goods?  
 A. Cost of production  
 B. How income earners spend  
 C. Retailer buying  
 D. Wholesalers selling
11. When two commodities are consumed together  
 A. an increase in the demand for one will lead to increase in the demand for the other.  
 B. a decrease in the demand for one will lead to increase in the demand for the other.  
 C. an increase in the demand for one will lead to constant demand for the other.  
 D. a decrease in the demand for one will lead to constant demand for the other.
12. The fundamental economic problem of every society involves  
 A. resources and for whom to distribute.  
 B. how to produce and sell what is produced.  
 C. scarcity and wants of individuals.  
 D. what to produce, how and for whom to produce.
13. Ten students in 12<sup>th</sup> Grade obtained the following scores in Economics test: 54, 36, 62, 79, 83, 36, 42, 36, 62, and 83. What is the mean of their scores?  
 A. 60.2  
 B. 60.3  
 C. 62.2  
 D. 62.3
14. Another name for the law of variable proportion is  
 A. Law of marginal productivity.  
 B. Law of diminishing returns.  
 C. Law of diminishing marginal utility.  
 D. Laws of demand and supply.
15. In which of the following economic systems is the consumer referred to as a king?  
 A. Freed economy  
 B. Planned economy  
 C. Socialist economy  
 D. Traditional economy
16. All of the following are difficulties of population census in West Africa **except**  
 A. lack of trained man power.  
 B. adequate transportation.  
 C. poor town planning.  
 D. spatial dispersion of people.
17. Which of the following business organizations is owned by any number of persons?  
 A. Sole proprietorship  
 B. Co-operative societies  
 C. Public corporation  
 D. Partnership
18. In a rapidly growing economy where human labor is being replaced by machines, there is likely to be  
 A. classical unemployment.  
 B. frictional unemployment.  
 C. cyclical unemployment.  
 D. seasonal unemployment.
19. Money as a unit of account implies that it can be  
 A. counted in so many units.  
 B. used to measure the value of goods.  
 C. used for future payment.  
 D. used to facilitate exchange.
20. The **major** factor that causes fluctuations in the supply of agricultural produce is  
 A. price.  
 B. pests.  
 C. weather.  
 D. migration.
21. Mr. Tarr needs a television and a refrigerator at the cost of \$5,000.00, the exact amount he has. If he buys the television, the refrigerator would be regarded as the  
 A. marginal cost.  
 B. scale of preference.  
 C. opportunity cost.  
 D. prime cost.

22. If the demand for beds increases, the demand for mattresses will  
 A. increase.  
 B. decrease.  
 C. remain constant.  
 D. fluctuate.
23. The gap between demand and supply curves below the equilibrium price indicates  
 A. excess demand.  
 B. excess supply.  
 C. equilibrium quantity.  
 D. shortage of commodity.
24. A market structure characterized by few buyers and sellers is described as  
 A. monopoly.  
 B. duopoly.  
 C. oligopoly.  
 D. monopsony.
25. The indicator of the value of money in the market is  
 A. the equilibrium price.  
 B. consumers' income.  
 C. effective supply.  
 D. the general price level.
26. In a mixed economy, decisions to produce are taken by  
 A. the government acting in the interest of the country.  
 B. private entrepreneurs acting in their own interest.  
 C. the market women, the labor union and the employers.  
 D. private individuals, organizations and the government.
27. A salesman recorded the following:  
 Variable cost, Fixed cost, and Quantity  
 [VC=35, FC=200 & Qty = 15]  
 What is the total cost and average total cost?  
 A. TC=\$235 and ATC=\$15.66  
 B. TC=\$200 and ATC=\$14.66  
 C. TC=\$165 and ATC=\$7000  
 D. TC=\$15.66 and ATC=\$235
28. Which of the following is an objective of economic integration?  
 A. Harmonization of cultural practices  
 B. Free movement of persons, goods and services  
 C. Payment of high tariffs to government  
 D. Dumping of goods in less developed countries
29. A country balance of payment is made up of  
 A. two accounts.  
 B. three accounts.  
 C. four accounts.  
 D. five accounts.
30. The purpose of statistical table in economics is to serve as a  
 A. resource control mechanism for the distribution of goods and services.  
 B. technique for making generalization about human behavior.  
 C. method of analysis which facilitates certain conclusion about a problem.  
 D. method of acquire about the unlimited resources of nature.
31. What type of cost is associated with the use of additional resources?  
 A. Marginal cost  
 B. Prime cost  
 C. Total cost  
 D. Opportunity cost
32. All of the following are included in the calculation of national product **except**  
 A. wages and salaries of workers.  
 B. direct taxes paid by employees and companies.  
 C. rent on houses in the country.  
 D. retirement benefits to workers.
33. An economic situation characterized by more money in circulation than the goods and services on the market is-called  
 A. inflation.  
 B. deflation.  
 C. deregulation.  
 D. devaluation.

34. The quantity theory of money states that a reduction in the quantity of money in circulation would lead to  
 A. a geometrical fall in price.  
 B. a proportional fall in prices.  
 C. a rise in prices.  
 D. an unequal fall in prices.
35. Which of the following is a function of a Central Bank?  
 A. Giving short-term loan to customers  
 B. Providing facilities for safe keeping of valuable assets  
 C. Managing foreign exchange rate and resources  
 D. Providing deposit account to customers
36. Public expenditure on education and infrastructural development is called  
 A. general service.  
 B. social service.  
 C. commercial service.  
 D. economic service.
37. Which of the following is an indirect tax?  
 A. Capital gain tax  
 B. Petroleum profit tax  
 C. Value added tax  
 D. Company tax
38. Economic growth refers to  
 A. the increase in the growth rate of a country's population.  
 B. the growth in both birth and death rates of the population.  
 C. the increase in the production capacity and income per capita of a nation.  
 D. the totality of changes in the structure of the economy.
39. All of the following are factors that affect elasticity of supply **except**  
 A. nature of the goods.  
 B. availability of storage facilities.  
 C. cost of production.  
 D. income of consumers.
40. Which of the following is a reason for the localization of industry in West Africa?  
 A. Construction of roads  
 B. Building of bridges  
 C. Reduction in foreign exchange  
 D. Reduction of quality products
41. Which of the following is likely to occur if population grows faster than the gross national product?  
 A. Interest rate will decline.  
 B. Interest rate will increase.  
 C. Wages will increase.  
 D. Per capita income will decrease.
42. The formula for calculating per capita income is  
 A.  $\frac{NI}{P}$ .  
 B.  $\frac{NPP}{P}$ .  
 C.  $\frac{P}{GNP}$ .  
 D.  $\frac{GNP}{P}$ .
43. Price ceiling describes  
 A. price mechanism.  
 B. equilibrium price.  
 C. minimum price.  
 D. maximum price.
44. Development planning which takes an over view of the entire economy is described as  
 A. aggregate economic planning.  
 B. disaggregate planning.  
 C. system economy planning.  
 D. sectoral economic planning.
45. Under the cost theory, machinery, land and salaries of top workers are known as  
 A. fixed cost.  
 B. variable cost.  
 C. total cost.  
 D. marginal cost.
46. All of the following are ways of controlling monopoly in the economy **except**  
 A. privatization.  
 B. merging of producers.  
 C. reduction of tariffs.  
 D. stopping the issuance of patent law.
47. Which of the following statements is **true** about natural growth rate?  
 A. The difference between the number of immigrants and emigrants  
 B. The number of births per thousand  
 C. The difference between the death rate and birth rate  
 D. The number of deaths per thousand

48. Which of the following can be considered as natural resources?
- Bauxite
  - Tin
  - Gold
  - Capital
  - Entrepreneur
- I and II
  - II, III, IV and V
  - III and IV
  - I, II, and V
49. Which of the following can contribute to the promotion of industrialization?
- Political instability
  - Insufficient capital
  - Inadequate raw materials
  - Import substitution strategy
50. Which of the following is an economic effect of inflation?
- Decrease in investment
  - Fall in prices of goods and services
  - Sellers earn high profit
  - Increase in the value of money
51. All of the following are advantages of international trade **except**
- enjoying of special skills.
  - exchanging of ideas.
  - encouraging over production.
  - expanding of world market.
52. The measure of successful economic life of people in a country is
- gross domestic product.
  - disposable income.
  - national income.
  - per capita income.
53. The law that protect infant industries in a country is called
- civil law.
  - trade law.
  - tariffs law.
  - protectionist law.
54. The **simplest** measure for restricting imports is
- subsidies.
  - quota.
  - embargo.
  - tariff.
55. One of the factors responsible for low agricultural activity in West Africa is
- inadequate labor.
  - inadequate implements.
  - shortage of land.
  - inadequate research.
56. The price of a commodity in the market is determined by the
- number of persons in the market.
  - quantity of goods demanded only.
  - quantity of demand and supply.
  - interaction of supply and demand.
57. \_\_\_\_\_ is used to measure
- volume of trade between countries.
  - direction of international trade.
  - commodity terms of trade.
  - volume of imports of a country.
58. Liberia is to rubber as Guinea is to
- bauxite.
  - gold.
  - iron ore.
  - diamond.
- Use the diagram below to answer Questions 59 and 60.
- 
59. Which of the following tax structure is indicated by DD?
- Progressive tax
  - Proportional tax
  - Regressive tax
  - Direct tax

60. What will happen to the tax structure if income decreases in the economy at the curve CC? It will
- A. remain the same.
  - B. shift to the consumer.
  - C. increase.
  - D. decrease.

7

**END OF OBJECTIVE TEST**

**DO NOT TURN OVER THIS PAGE  
UNTIL YOU ARE TOLD TO DO SO.**

$$\frac{\text{Index of export prices}}{\text{Index of import prices}} \times 100\%$$

**YOU WILL BE PENALIZED SEVERELY IF YOU ARE  
FOUND LOOKING AT THE NEXT PAGE BEFORE  
YOU ARE TOLD TO DO SO.**

**PAPER 2**  
**ESSAY**  
**[60 marks]**

**1½ hours**

*Paper 2 consists of ten essay questions divided into two sections; A and B. You are required to answer five questions in all. One question must be answered from section A and four questions from section B. Use pen (blue or black). You are reminded of the importance of clarity of expression and orderly presentation of materials.*

**SECTION A**  
**DATA AND GRAPHIC RESPONSE QUESTIONS**  
**[12 marks]**

*Answer one question only from this section.*

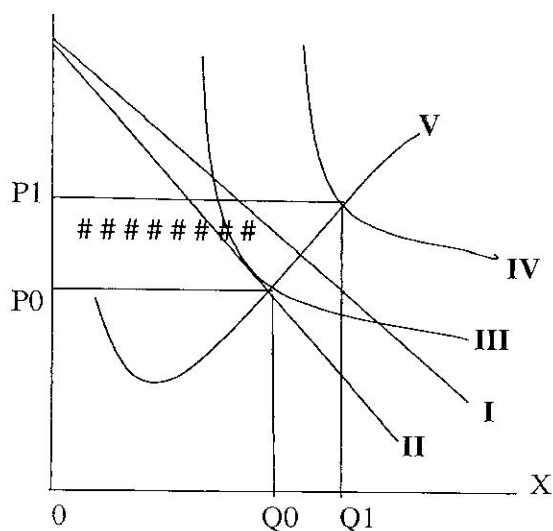
*The table below shows the demand and supply for bags of cassava per month. Use the information in the table to answer Question 1.*

Price per bag(\$)	Quantity demanded (bag)	Quantity supplied (bag)
100	26	2
150	19	5
200	14	6
250	9	9
300	5	12
350	3	16
400	2	19

1. (a) If government fixed the price of cassava at \$150.00 per bag, what will be the excess demand?
- (b) If the government fails to enforce the price fixed, what happens to the price of cassava?
- (c) How can the government maintain a fixed price of \$300.00 per bag of cassava?
- (d) In relation to the equilibrium price, what will be the effects on the quantities demanded and supplied if the government decided to enforce a fixed price of \$100.00?
- (e) If price falls below the equilibrium price, what happens to both quantity demand and quantity supplied?
- (f) If quantity demand is increased by 6 bags of cassava, what will be the equilibrium price, quantities demanded and supplied?



The graph below represents a firm operating in the economy. Use it to answer Question 2.



2. (a) Name the curve marked I, II, III, IV and V.
- (b) In which form of market is the firm operating?
- (c) Explain the economic or market condition of the firm.
- (d) What is the indication of the gap marked #?
- (e) Which of the curves can be equated to demand?
- (f) Is the firm maximizing profit, break even or loss? Explain

### SECTION B [48 marks]

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

3. (a) What is meant by the term *efficiency of labor*?
- (b) Identify any **five** determinants of the efficiency of labor.
4. (a) Explain the term *economic system*.
- (b) Outline any **five** attributes of free enterprise economy.
5. (a) What is the difference between *distribution* and *consumption*?
- (b) With the aid of a diagram, highlight any **three** functions of each agent in the chain of distribution.
6. (a) Distinguish between *opportunity cost* and *money cost*.
- (b) Identify any **five** factors that bring about change in demand.

7. (a) Outline any **five** factors that affect the supply of money.  
(b) Name **three** factors that influence the value of money.
8. (a) Name any **two** kinds of partnership.  
(b) Highlight any **five** characteristics of partnership.
9. (a) Outline any **five** features of a central bank.  
(b) In what **three** ways is the *central bank* different from *commercial banks*?
10. (a) Highlight any **two** types of inflation.  
(b) Outline any **four** economic effects of inflation.

**END OF PAPER**