SC2031
WASSCE 2021
ECONOMICS 1
Objective
1 hour

1

Name..

Index I

THE WEST AFRICAN EXAMINATIONS COUNCIL

West African Senior School Certificate Examination
for School Candidates

SC 2021   ECONOMICS 1   1 hour
                          [OBJECTIVE]
                          [50 marks]

*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 2021**', '**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 Adams Smith ACKAH. His *index number* is 7102143958 and he is offering *Economics* 1.

THE WEST AFRICAN EXAMINATIONS COUNCIL

PRINT IN BLOCK LETTERS.

Name:— ACKAH ADAMS SMITH   GHA

Examination: WASSCE   Year: SC 2021

Subject:— ECONOMICS   Paper: 1

INSTRUCTIONS TO CANDIDATES
1. Use grade 2B pencil throughout.
2. Answer each question by choosing one letter and shading it like this: ⊏A⊐ ⬛ ⊏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.

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7 ⊏0⊐ ⊏1⊐ ⊏2⊐ ⊏3⊐ ⊏4⊐ ⊏5⊐ ⊏6⊐ ⬛ ⊏8⊐ ⊏9⊐
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SUBJECT CODE
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For Supervisors only
If candidate is absent
shade this space. ⊏ ⊐

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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]   [B]   [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.   The study of economics is important to every society because it

A.   enables individuals to satisfy all their wants.
B.   restores equilibrium between producers and consumers.
C.   helps producers to know what to produce.
D.   helps in the utilization of scarce resources.

2.   A consumer with $10 needs a dress, a pair of shoes, a handbag and jewellery costing $20, $10, $7 and $3 respectively. The opportunity cost of buying a pair of shoes is the

A.   handbag and jewellery.
B.   jewellery.
C.   dress.
D.   dress and jewellery.

3.   The distinguishing function of an entrepreneur is

A.   planning.
B.   risk-bearing.
C.   control.
D.   management.

4.   When a commodity market operates without government interference, commodities are distributed through

A.   government distribution agencies.
B.   a central planning committee.
C.   the operation of price mechanism.
D.   retailers only.

5.   One way of obtaining the median of a given data is to

A.   arrange the data in either ascending or descending order and find what item divides the set in two equal parts.
B.   arrange the data in ascending order and subtract each item from the mean.
C.   arrange the data in descending order and add each item to the least.
D.   sum the value and divide by the number of items.

6.   An increase in rice harvest, all things being equal, may cause

A.   price to increase substantially.
B.   farmer's incomes to be more than doubled.
C.   demand to fall substantially.
D.   price to fall substantially.

7. The demand for wood and labour is an example of
   A. effective demand.
   B. derived demand.
   C. complementary demand.
   D. competitive demand.

8. What will be the reaction of consumers in a market if there is a fall in the price of the substitute of commodity **X**?
   A. Demand for commodity **X** will decrease
   B. Demand for the substitute of commodity **X** will decrease
   C. Price of commodity **X** will increase
   D. Supply of both commodity **X** and its substitute will increase

9. An increase in market supply is caused by the following factors **except**
   A. an increase in the price of the commodity.
   B. an improvement in innovation and technology.
   C. a reduction in the cost of raw materials.
   D. a favourable weather condition.

10. The coefficient of price elasticity of supply of land is usually
    A. one.
    B. zero.
    C. greater than one.
    D. less than one.

11. The price of soap rose from $10 to $20, causing a trader to increase her supply from 50 to 120 boxes per week. This makes supply
    A. unitary elastic.
    B. perfectly inelastic.
    C. inelastic.
    D. fairly elastic.

12. A leftward shift in the supply curve for a commodity indicates
    A. a decrease in supply.
    B. an increase in quantity supplied.
    C. a reduction in quantity supplied.
    D. an increase in supply.

13. Market supply may increase if there is an increase in the
    A. subsidies on raw materials.
    B. prices of factors of production.
    C. tax paid on raw materials.
    D. price of the product.

14. Governments can increase farmers' incomes by
    A. fixing maximum prices.
    B. encouraging them to produce surplus output.
    C. fixing minimum prices.
    D. increasing taxes on inputs.

15. When market supply increases, the equilibrium price
    A. rises and quantity falls.
    B. and quantity fall.
    C. and quantity increase.
    D. falls and quantity rises.

16. The supply of mangoes is represented as $P = 0.3Q$, where P is the price and Q is the quantity.

    What is P when Q is 50?
    A. $ 15.00
    B. $ 1.50
    C. $ 150.03
    D. $ 166.67

17. The output of an extra unit of an input is referred to as
    A. output of the input.
    B. average product of the input.
    C. marginal product of the input.
    D. utility of the input employed.

18. The law of diminishing returns is applicable to the
    A. fixed inputs of production.
    B. equipment and other capital.
    C. plants and machinery of the firm.
    D. variable factors of production.

A firm incurred the following costs in production. *Use the information in the table to answer questions* **19** *and* **20**.

Output (bags of rice)	0	10	20	30	40	50	60
Total Cost ($)	100	200	300	380	440	520	600

19. The fixed cost of production is
    A. .$ 600.
    B. $ 200.
    C. $ 300.
    D. $ 100.

20. The average cost of producing 40 bags of rice is
    A. $ 11.
    B. $ 10.
    C. $ 60.
    D. $ 80.

21. The relationship between the marginal revenue and the average revenue of a monopolist is that the marginal revenue curve
    A. is above the average revenue curve.
    B. and the AR curve are downward sloping and are identical.
    C. slopes down to the right and is below the AR curve.
    D. is vertical while the average revenue curve is horizontal.

22. A **major** source of finance to the Railway Corporation in West African countries is
    A. sale of shares.
    B. trade credit.
    C. government subvention.
    D. surplus.

23. Separation of ownership of resources and their control is **mostly** found in a
    A. sole proprietorship.
    B. joint stock company.
    C. partnership.
    D. consumer co-operative.

24. By-passing the middlemen in the chain of distribution can lead to
    A. an increase in government tax revenue.
    B. the creation of artificial scarcity.
    C. high prices of goods and services.
    D. a problem of unemployment of labour.

25. Two factors which can improve the efficiency of labour are
    A. work environment and health status of workers.
    B. school leaving age and number of disabled workers.
    C. population size and age of retirement.
    D. school leaving age and number of part-time workers.

The age distribution of a country's population is shown below. *Use the information to answer questions* **26** *and* **27**.

AGE GROUP (YEARS)	POPULATION
0 - 15	30 %
16 - 40	45 %
41 - 60	15 %
Over 60	10 %

26. What is the percentage of the working population?

    A. 75 %

    B. 45 %

    C. 60 %

    D. 15 %

27. What is the dependency ratio?

    A. 1 : 2

    B. 3 : 2

    C. 2 : 3

    D. 6 : 1

28. The supply of land for agricultural purpose can be increased through

    A. reclamation and irrigation.

    B. the introduction of mechanized farming.

    C. increase in prices of land.

    D. conversion of building sites to farmlands.

29. Non-economic factors that influence the location of firms include

    A. the existence of required materials for production.

    B. the activities of politicians in deciding location of firms.

    C. adequate supply of power, good road and rail network.

    D. availability of population of buyers.

30. Which of the following is **not** an argument for the policy of privatization in West Africa?

    A. To make businesses more profitable

    B. It encourages the inflow of capital and expertise from local and foreign sources

    C. Members of the public are able to acquire shares

    D. Government is able to participate and control the operation of the privatized businesses

The following data relates to the national income of a country.

Gross domestic product = $ 2800

Net factor income from abroad = $ 250

Depreciation = $ 700

Indirect taxes = $ 120

Use it to answer questions **31** *and* **32**.

31. What is the country's Gross National Product (GNP)?

    A. $ 2,350

    B. $ 2,680

    C. $ 3,050

    D. $ 2,100

32. What is the country's Net National Product (NNP) at factor cost?

    A. $ 3,050

    B. $ 2,230

    C. $ 2,220

    D. $ 2,680

33. The standard of living in two countries can be compared using the

    A. number of industries in each country.

    B. gross national product per head.

    C. size of their national incomes only.

    D. size of their arms and ammunition.

34. Government can curb inflation by

    A. selling securities in the open market.

    B. increasing her own expenditure.

    C. buying treasury bills in the open market.

    D. encouraging banks to lend for any purpose.

35. Functions of money does **not** include

    A. store of value.

    B. medium of exchange.

    C. general acceptability.

    D. standard of deferred payment.

36. Demand-pull inflation can be as a result of

   A. deficit financing by the government.

   B. excessive supply of foodstuff.

   C. increase in the cost of production.

   D. increase in import duties.

37. An increase in cash ratio by the central bank will

   A. increase the supply of money.

   B. increase banks' lending.

   C. reduce the supply of money.

   D. encourage borrowing.

38. When a government cuts down her expenditure to reduce inflation, she has embarked on

   A. an expansionary monetary policy.

   B. a restrictive fiscal policy.

   C. physical policy.

   D. implementing budget deficit.

39. In order to enable the government of a country to increase its tax revenue, it will be advisable for it to increase taxes on

   A. textile materials with elastic demand.

   B. agricultural products with inelastic supply.

   C. alcoholic beverages with inelastic demand.

   D. luxury goods with elastic supply.

40. People who dispose of their assets are expected to pay

   A. value added tax.

   B. sales tax.

   C. expenditure tax.

   D. capital gains tax.

41. A floating exchange rate means that the exchange rate is fixed by the

   A. forces of demand and supply.

   B. central bank of the country.

   C. International Monetary Fund (IMF).

   D. Ministry of Finance.

42. A measure that can be adopted to correct a country's balance of payments deficit is to

   A. adopt import substitution strategy.

   B. allow the currency to depreciate to encourage imports.

   C. allow the currency to appreciate to encourage imports.

   D. restrict trade with all countries.

43. Records of a country's invisible trade are recorded in her

   A. trade account.

   B. current account.

   C. capital account.

   D. financial account.

44. If a country's import bill is high, she can encourage exports by

   A. liberalizing importation.

   B. allowing her currency to appreciate.

   C. allowing her currency to depreciate.

   D. increasing taxes on all locally produced goods.

45. If a country imposes a barrier on trade, the resultant effect will be

   A. a halt in buying and selling.

   B. high quality goods from local industries.

   C. shutdown of infant industries.

   D. an increase in the demand for locally produced goods.

46. A country may be able to earn more from exports if she

    A. increases her export duty.
    B. allows her currency to appreciate.
    C. increases her import duty.
    D. devalues her currency.

47. A customs union is an economic grouping which has

    A. common tariffs against non-members.
    B. free movement of factors of production.
    C. common currency for trading.
    D. common military defence.

48. Balance of payments and trade problems that arose after the world wars were resolved by the

    A. International Bank for Reconstruction and Development.
    B. African Development Bank.
    C. International Monetary Fund.
    D. Organization of Petroleum Exporting Countries.

49. Examples of **land** that are non-renewable include

    A. marshy and water-logged land.
    B. some natural resources such as natural gas.
    C. farmlands already used for many years.
    D. oxygen and carbon dioxide in the atmosphere.

50. Abundant natural resources do **not** contribute to economic growth in developing countries because of

    A. high rate of inflation.
    B. urban congestion.
    C. mismanagement and corruption.
    D. over-reliance on multiple commodities.

END OF PAPER