

34. Calculate the real money in each of the years
35. Calculate the interest rate in Y2
36. See 2005
37. See 2005
38. See 2005
39. See 2005
40. Define autonomous consumption in one sentence.

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Define the following words:

1. Slumpflation
2. Stagflation
3. Reflation
4. What will be the effect on home producers when a tariff is placed on a good, the demand for which is elastic?

Questions 5, 6, and 7 are based on the following figures from a commercial bank's balance sheet.

Items	Million FCFA
Cash	80
Money at call	60
Bills discounted	60
Investment	40
Special deposits	160
Advances	400

5. What is the cash ration of this Bank?
6. Besides cash, which of the bank's assets named above does not yield interest?
7. If the cash ratio calculated in question (5) is maintained and the total advances are allowed to rise to 500 million. How much extra cash would the bank need?

Below are some hypothetical figures for a country. Figures are in million FCFA.

GNP at market prices.....	4700
Taxes on expenditure.....	80
Capital consumption.....	60
Property consumption.....	80
Subsidies.....	50

Calculate the following (8 to 12)

8. GDP at market price
9. NNP at market prices
10. NNP at factor cost
11. GDP at factor cost
12. NI

In question 13 to 19, state whether the statements are true or false.

13. An increase in interest rate is an effective way of solving unemployment
14. Lowering the reverse requirement will ordinary decrease the money supply
15. Devaluation encourages exports and discourages imports
16. Indirect taxes are objectionable because they are regressive.
17. If a nation export and imports both fall, the nation's term of trade remains unchanged
18. In a free enterprise economy the problems of what to produce, how to produce and for whom to produce are solved by the elected representatives for the people.
19. The marginal products of labor is close to zero ($MP=0$).
20. What is the value of the multiplier in an economy in which out of every 1000FCFA, 200FCFA is saved, 125FCFA is spend on imports and 175FCFA is paid out as taxes.
21. Government estimate that there is a deficiency in total demand of 20MFCFA and the Mpc is 0.8. By how much should the government increase expenditure to remedy the situation?

The table below relates to questions 22, 23, and 24

Income(000F)	Consumption
2000	25 000
4000	4 000
6000	5 500
80 000	7 000
10 000	8 500

22. What is the value of Mps ?
23. What is APC at the income level of 6 000 000F?
24. Account for the discrepancy in consumption and income at income level 2 000 000F.

In a given 3 sector economy comprising households, firms and government sector: $C = 40 + 0.8Y_d$, $Y_d = T_x$, $I = 80$, $G = 20$, $T_x = 20$

25. Calculate the equilibrium level of income
26. Calculate the new equilibrium level of income if income falls by 10 and as a result of falling income level, unemployment benefits increase by 5.
27. Given the income level in (26), what change in government spending is needed to bring the income back to its level in 25?
28. Suggest two limitations to a bank's ability to create credit
29. What is the most important characteristic of good money?
30. What does economist use to compare the value of money over a period of time?

Questions 31 and 32 are based on the following

- | | |
|-------------------|-------------------|
| An ordinary share | A Treasury |
| A debenture | A Bank over draft |
| A mortgage | |

31. Which of the two above represents the means of rising short term loans?
32. Which of the above usually carries no promise repayment?
33. According to the quantity theory of money $M = \frac{?}{?}$
34. If the market price for fixed interest security rises. What happens to the rate of interest?
35. If the diversion from current consumption is called:
 - a) Savings
 - b) Investment
 - c) Wealth
 - d) Corruption

Questions 36 and 37 are based on the information below about the account of a particular country.

Items	MFCFA
Visible exports	2. 560
Visible imports	2. 620
Transfers	50
Interest, profits, and dividends	70
Services	90
Net transactions	-200

36. What is the balance of trade?
37. What is the invisible balance?
38. What is the current account balance?
39. What is the balancing item?

40.State the theory that best describe the gains from trade

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1. List four measure that monetary authorities of a country can implement to attend their policy objectives
2. The balance of payment is always balance but not in equilibrium. Give two reasons
3. (a) What is cost effectiveness in taxation?
 (b) List two types of taxes that appear to meet this requirement.
4. State the economic concept that is illustrated but the production possibility curve
5. What is PRBS? How is it financed?
6. What relationship exist between AP curve and AVC curve?
7. Define human investment in the study of economics.
8. You have the following data about the market for mangoes

P(CFA)	9	8	7	6	5	4	3	NEW	9	8	7	6	5	4	3
Qd(kg)	80	65	41	45	49	53	57	QdN	36	43	49	53	57	61	65
Qs(kg)	62	60	57	53	49	45	41	QsN	92	60	57	53	49	45	41

- a) What is the equilibrium price and why?
- b) What will be the effect of the government fixing a maximum price of
 - i. 6CFAF
 - ii. 4CFAF
- c) What will be the effect on the equilibrium price if demand increase by 8Kg at all price levels?
- d) Suppose that the government gave mango producers a subsidy of 2CFAF per kg, what would be the new market price using the original schedule
- 9) What is the significance of the 45° line on the expenditure- income determination diagram?
- 10) List the method that can be used to by-pass the problem of double counting in the calculation of NI.
- 11) What do you understand by the J-curve effect?
- 12) Sketch and explain the shape of the supply curve of labour of individual.