

COMPETITIVE ENTRANCE EXAMINATION INTO HTTC BAMBILI	
<u>CYCLE: 1st CYCLE</u> <u>LEVEL: 1st</u> <u>ECONS MINOR FOR HIST AND GEO</u>	Session: 2009
DURATION: 3hrs	

Select the letter A, B, C or D corresponding to the correct answer in the order in which they appear;

1. Monopoly power can be defined as:
 - a) A situation where there is only one supplier
 - b) A situation whereby the supplier makes abnormal profits
 - c) A situation where the supplier can prevent other firms from entry the market in the short run period
 - d) A situation whereby a single seller can bar the entry of other firms both in the short run and in the long run period
2. Only one this statement is correct:
 - a) A maximum price control is set below the existing equilibrium market price
 - b) A maximum price control is located below the established market price
 - c) Maximum price control are measures taken by the government to protect producers from excessive low price for their products
 - d) Minimum price control has no undesired consequences on the economy
3. Price discrimination requires that the monopolist should be.....
 - a) Price setter
 - b) A major consumer
 - c) Be able to control everyone in the market
 - d) A strong competitor
4. Which of these concepts cannot be applied to the economic planning system that prevailed in the former USSR?

- a) Capitalist
 - b) Individualistic
 - c) Centralist
 - d) Totalitarian
5. In stating that $C = f(Y^d, W)$:
- a) It's hypothesized that Y^d is a more important determinant of C than W
 - b) It's hypothesized that W is a more important determinant of Y^d than C
 - c) C and Y^d are dependent variables explaining C
 - d) Y^d and W are independent variables explaining C
6. The circular flow of income for a three sector economy model shows:
- a) How government collects and spends incomes from taxes
 - b) The flow of incomes between households and the business sector
 - c) The flow of real and financial flows between sectors
 - d) The flow of incomes and tangible goods
7. Which of these situation is it simplest to identify the entrepreneur
- a) A partnership
 - b) A public corporation
 - c) A cooperative society
 - d) A public joint
8. Ice in a fish market generally command price, while in Greenland it is so plentiful that it can be call:
- a) Economic goods
 - b) A capital goods
 - c) A capital good
 - d) A customer good
9. The potential work – force of a country may be directly altered by:
- a) School leaving age
 - b) The geographical distribution of the population
 - c) The pensionable age of retirement

- d) Attitude to the employment of women
10. Which of these is likely to result in a new demand curve for superhot mints?
- a) A rise in the price of sugar
 - b) A new alternative method of wrapping superhot mints
 - c) A specific tax of 100frs. on every pack
 - d) A 200frs reduction on the recommended retail price
11. Macroeconomics is concerned with:
- a) The level of output of goods and services
 - b) The general level of prices
 - c) The growth of incomes
 - d) All of the above
12. In a consumption function of $C = 200 + 0.9Y^d$ predict that consumption is:
- a) 900 when disposable income is 1000
 - b) 1000 when disposable income is 900
 - c) 1100 when disposable income is 1000
 - d) 1800 when the disposable income is 2000
13. Adam Smith was concerned with the apparent paradox of the low price of water, a necessity, and the high price of diamonds, a luxury. The paradox of value arose because he.....
- a) Tried to relate market prices to aggregate utility
 - b) Did not realize the connection between total money value and total utility
 - c) Assumed that the total utility of diamonds was greater than the total utility of water
 - d) Failed to appreciate that the marginal utility of water was very high

14. Which of the gains for a firm from a merger is also in the national interest?
- a) Economics of scale
 - b) Elimination of competition
 - c) Diversification to stabilize turnover
 - d) Monopoly profits
15. During an economic boom a company would be advised to raise long – term capital in the form of:
- a) Ordinary shares
 - b) Cumulative preference shares
 - c) Debenture
 - d) A bank overdraft
16. Demand for money means demand to hold money, which Keynes suggested many motives. Which of these is not one of them?
- a) Transaction
 - b) Precaution
 - c) Investment
 - d) A bank overdraft
17. A satisfactory medium of exchange must be:
- a) Generally accepted
 - b) Of Intrinsic value
 - c) Relatively limited in supply
18. The account of a country's financial transaction with rest of the world is known as:
- a) The terms trade
 - b) The balance of trade
 - c) The total currency flow
 - d) The balance of payment

19. Which of the following is least likely to be a government policy objective?

- a) A balance budget
- b) Full – employment
- c) Economic stability
- d) Economic growth

20. A progressive system of income tax.....

- a) A favorable incentive to work more than the flat – rate tax
- b) Implies that the average and marginal rates of a tax will be the same
- c) Increase the mobility of labor
- d) Redistribute incomes since the poor are the chief recipients of transfer earnings