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Economics

1983 - 2004

JAMB

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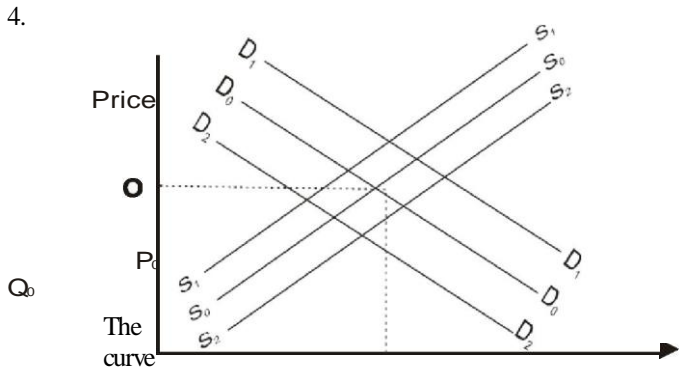
Questions

Economics 1983

- 1 Which of the following items is NOT included in measuring national income by the income approach?
- A. Wages and salaries of public servants
 - B. Student grants and scholarships.
 - C. Profits of companies.
 - D. Income earned by self employed persons such as lawyers.
 - E. Rents on property.

- 2 A down ward sloping demand curve intersects a fixed supply curve. A shift of this demand curve to the right implies that
- A. both price and quantity will increase
 - B. only price increase
 - C. only quantity increase
 - D. the price remains constant
 - E. the price falls.

- 3 Which of the following items is NOT an argument for locating industries in rural areas?
- A. Rural areas supply agricultural raw material.
 - B. The pace of development will be quickened in rural areas.
 - C. Employment will be provided for rural inhabitants.
 - D. Capital is easily available in rural areas.
 - E. Suitable humid climate is sometimes found in rural areas.



- S_0D_0 and S_1S_1 are the demand and supply curves respectively. What happens government subsidizes producers in order to boost output?
- A. The supply curve will shift S_0S_0 to S_2S_2
 - B. The supply curve will shift from S_0S_0 to S_1S_1
 - C. The supply curve will shift from S_2S_2 to S_1S_1
 - D. The supply curve will shift from S_1S_1 to S_0S_0
 - E. The demand curve will shift from D_0D_0 to D_1D_1

- 5 The natural growth rate of a population is the

- D. Birth rate divided by the net migration
- E. Death rate minus the net migration.

- 6 Which of the following sets fully represents factor of production?
- A. Sunlight, machinery, man, land
 - B. Land, labour, capital, enterprise technology
 - C. Capital, technology, ideas, market, land.
 - D. Land, water, weather.
 - E. Money, market, middlemen.

7. Production possibilities (alternatives)

	P	Q	R	S	T
Units of shelter	5	4	3		2
Units of food	0	5	9	12	15

- Based on the above production possibilities table, the real cost of a unit of food when alternative R is selected is
- A. One unit of shelter
 - B. Three units of shelter
 - C. One third of a unit of shelter
 - D. Six units of shelter
 - E. Two units of shelter.

- 8 The concept of economic efficiency primarily refers to
- A. Obtaining the maximum output from available resources at the lowest possible cost
 - B. Conservation of our petroleum resources
 - C. Equity in the distribution of the nation's wealth
 - D. Producing without waste
 - E. The limited wants unlimited resources dilemma

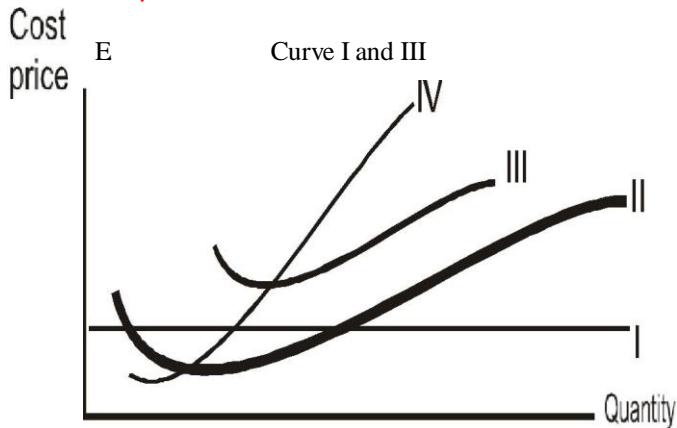
9. If successive units of labour are added to a piece of land while capital and technology remain constant, a point will be reached in the level of production when each added unit of labour will add less to the output than previous units of labour.
- A. The productivity of labour
 - B. The law of diminishing marginal utility
 - C. The law of diminishing returns
 - D. The concept of factor intensity
 - E. Labour intensive production.

10. In perfect competition a firm's price is equal to its marginal revenue which is again equal to average revenue. This firm maximizes its profits when its marginal cost (MC) is equal to price (p). Which of the curves in the diagram below represents the firm's marginal cost (MC)?

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- A. Sum of the birth rate and the death rate
- B. Sum of the birth rate and the net migration rate
- C. Birth rate minus the death rate

- A. Curve I
- B. Curve II
- C. Curve III
- D. Curve IV



11. A Nigerian household's demand curve for semovita is downward sloping because
- The demand for semovita is high
 - The local markets are flooded with semovita
 - It is produced in Nigeria
 - Every household can afford to buy semovita
 - Higher prices attract lower quantities while lower prices attract larger quantities

12. The table below shows the market schedule for semovita.

PRICE	QUANTITY DEMANDED	QUANTITY SUPPLIED
per 5 kg bag	in bags	in bags
N3.00	15,000	1,500
N4.00	13,000	3,000
N5.00	10,000	6,000
N6.00	7,000	7,000
N7.00	5,000	9,000
N8.00	4,000	12,000
N9.00	2,000	14,000

What is the market equilibrium price?

- A. N5.00 B. N8.00 C. N9.00
D. N7.00 E. N6.00

- B. Marginal cost curve intersects average cost curve
- From above at its lowest point
 - From below before the lowest point
 - From below at its lowest point
 - From below after the lowest point
 - At zero point
14. Palm oil industry is located in Bendel State because the state
- Imports raw material for palm oil industry
 - Is a palm tree growing area
 - Soil is unsuitable for other crops
 - Government does not engage land for other crops
 - Land is suitable for oil

- Demand pull and cost push inflation intensifying each other
- Both of them bringing about a reduction in the price level
- That demand pull and cost push inflation increase employment
- That wages and prices are rising at a proportional rate

16. In an inflationary period which of the following statement is NOT true?
- Wages rise simultaneously with prices
 - The purchasing power of money diminishes
 - More money runs after a limited quantity goods
 - Money supply increases
 - Aggregate real demand exceeds aggregate real supply

17. Retailers in an economy perform the function of
- | | |
|-----------------|-------------|
| A. Production | B. Exchange |
| C. Distribution | D. Hoarding |
| E. Investment | |

18. In a sole proprietorship the decisions are made by the
- | | |
|---------------|-----------------------------|
| A. Government | B. Board of directors |
| C. Management | D. Shareholders' conference |
| E. Owner | |

19. Which of the following enterprises does NOT pursue the sole objective of profit maximization
- Roads Nigeria Ltd.
 - Union Bank of Nigeria Ltd.
 - Nigerian Electric Power Authority
 - Volkswagen (VW) Nigeria Ltd.
 - Kingsway Nigeria Ltd.

15. The meaning of 'wage-price spiral' is
- Demand pull and cost push inflation pulling each other in different directions

20. Public expenditure creates expansionary effects in the economy when it is
- In excess of government revenue
 - Channelled into capital projected
 - Diverted into imports
 - Financed through oil revenue
 - Completely financed through part of the year total collection taxes.

21. The maintenance of general economic stability in the country necessarily relies heavily on
- Federal fiscal policy
 - Coordinated federal, state and local fiscal policies
 - Tax and revenue policies of state governments

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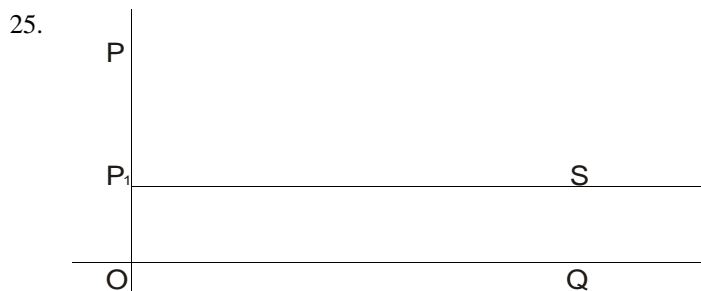
- D. Federal grants to state and local governments
- E. Federal grants to local governments

- 22 The supply of loanable funds is significantly influenced by
- A. Commercial banks B. Mortgage banks

- C. Financial intermediaries
- D. The Central Bank
- E. Insurance companies

23. Which of the following are direct taxes
- A. Sales taxes
 - B. Excise duties
 - C. Income and company taxes
 - D. Tariff duties
 - E. Commodity taxes

24. Division of labour has many advantages. Notwithstanding, it is greatly limited by
- A. Monotony of work
 - B. Decline of craftsmanship
 - C. Risk of unemployment
 - D. Extent of market demand
 - E. Boredom



In the above diagram P1S is a supply curve for a manufactured good. It shows that

- A. When price is P₁ quantity supplied is infinitely elastic
- B. The higher the price the greater the quantity supplied
- C. The higher the price the lower the quantity supplied
- D. When price is zero quantity supplied becomes infinite
- E. When price is infinite quantity supplied becomes zero

26. In the event of a limited liability company going into liquidation each
- A. Shareholder may lose the maximum of the amount he has invested
 - B. Shareholder loses nothing
 - C. Shareholder loses everything including his house
 - D. Shareholder's liability becomes unlimited
 - E. Shareholder will lose the amount he has invested plus a proportion of his bank account

27. A greater burden of the taxes on essential goods is borne by the
- A. middle income group
 - B. Higher income group
 - C. Lower income group
 - D. People falling between the middle and higher income group
 - E. Top few richest people of the country.

28. Comparative cost doctrine of international trade means specialization in production
- A. According to absolute cost advantage

- A. According to comparative cost advantages
- B. On the basis of the availability of labour

29. The meaning of 'Dumping' is selling goods in a foreign market
- A. At a price below that received in the home market
 - B. At a price higher than that received in the home market
 - C. At a price equal to the cost price in the home market
 - D. In order to encourage indigenous producers
 - E. At a price equal to the selling price in the home market

30. Disequilibrium in the balance of payments means
- A. Imports of the country exceeding its exports
 - B. Overall deficit or surplus in the current account and capital account of the balance of payments
 - C. Capital flowing out of the country exceeds the capital flowing into the country
 - D. Deficit in the trade balance
 - E. Export earnings exceed cost of imports.

31. Petroleum 'glut' in international trade means
- A. A fall in petroleum production
 - B. An over supply of petroleum
 - C. A higher petroleum price offered by the buyer
 - D. A higher petroleum price demanded by the seller
 - E. Higher prices for the consumption of petroleum

32. International trade is necessary because
- A. No country can live in economic isolation
 - B. Different countries are differently endowed in natural and man-made resources
 - C. Some countries have comparative cost advantage in the production of particular commodities over other countries
 - D. The world demand for and supply of various categories of commodities is expanding very fast
 - E. Countries want to build up their foreign exchange reserves.

33. Mono-product economies are those that
- A. Have a rich cultural heritage
 - B. Produce only raw materials
 - C. Live from the export of their raw products
 - D. Produce one main commodity
 - E. Specialize in agriculture industries

- B. According to absolute cost disadvantages 34 The quickest way of achieving an economic union on regional basis is to remove all
- C. According to Comparative cost disadvantages A. Currency barriers B. Language barriers

- E Legal barriers.
35. If an economy is growing at an annual rate of 7% and 4% of it is known to be due to the improvements in labour and capital combined, the balance of 3% is usually due to
A. Land and related factors
B. Abundance of natural resources
C. Level of human capital
D. Technical progress or other factors
E. The discipline of political leaders
36. A major function of middlemen in Nigeria is the distribution of
A. Commodities to all consumers regardless of income
B. Commodities to consuming centres and the collection of money income to producing centres
C. Economic welfare to all
D. Wealth to all
E. Poverty within the society.
37. When a government owns enterprises a number of advantages arise. Which of the following is NOT one of such advantages?
A. More capital is provided
B. Pricing policy may be in the interest of consumers
C. Government workers may be indifferent towards the public.
D. Infrastructures are rapidly developed.
E. Income may be more evenly distributed
38. Which of the following is NOT an advantage of localization of industries?
A. Reaping of external economies
B. Development of a pool of skilled labour for the industry
C. Development of subsidiary industries
D. Development of organized markets
E. Growth of conurbations.
39. The monetary system that requires double coincidence of wants is known as
A. The gold standard B. Barter
C. The commodity system D. The gold exchange standard
E. The cheque system
40. The effect of emigration on a country's population, all other things remaining equal, is to
A. Increase its size B. Cause overpopulation
C. Increase its growth rate
D. Reduce the proportion of children
E. Reduce its size
41. Money performs a number of functions. ONE of these functions makes it possible for any person to provide for old age. Because of that particular function, money is regarded as a
A. Medium of exchange B. Measure of value
C. Unit of account D. Store of value
E. Standard for deferred payments.
42. Agriculture plays a dominant role in West Africa economies because
A. The Green Revolution in Nigeria is agricultural
B. It supplies all the foodstuff consumed in West Africa
C. There are large plantations of cocoa, groundnut and palm oil in West Africa
D. It is the main source of revenue in Nigeria
E. It employs more than 50% of the total labour force in West Africa
43. Which of the following defines Economics most comprehensively?
A. Buying and selling B. Organization of industries.
C. Study of human behaviour in the allocation of scarce resources.
D. National development planning and budgeting
E. Banking and insurance
44. Age structure in Nigeria is such that the working age-group is in the years
A. 1-15 B. 15-65 C. 30-40 D. 40-65 E. 65 and above
45. NEPA as a public corporation is
A. A power-generating industry in Nigeria
B. Organized in a perfectly competitive market
C. A duopoly
D. A monopolistically competitive industry
E. A monopoly
46. Full employment is a situation in which
A. Every adult is employed
B. All adult who can work are employed
C. All persons who have attained the age of 15 years and above are employed
D. Only the disabled are not employed
E. All those who are able and eligible to work can find employment
47. When demand is elastic, it means that consumer
A. React more proportionately to price change
B. Are not sensitive to price change
C. Will stop buying when price increases
D. React less proportionately to price change
E. React equally to price change
48. Demand for a factor of production is
A. A composite demand B. A joint demand
C. A derived demand D. An elasticity of demand
E. Cross-elasticity of demand
49. Differentiated product is the characteristic feature of
A. Perfect competition B. Pure competition
C. Monopolistic competition D. Monopoly E. Oligopoly

- 50 Nigeria is currently implementing the
- A. Third development plan
 - B. Second development plan
 - C. Fourth development plan
 - D. Fifth development plan
 - E. First development plan.

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- 1 The main economic objective behind the production of goods and services in any economy is to
 - A. Maximize profits
 - B. Satisfy human wants
 - C. Become self-reliant
 - D. Create job opportunities
 - E. Make people wealthy.

- 2 Demand for a commodity by a consumer is the quantity of that commodity that the consumer
 - A. Demands at a given price at a point in time
 - B. Demands at a given price
 - C. Actually digests
 - D. Produces, given its price
 - E. Can store away during bad weather

- 3 Division of labour is limited by
 - A. The size of the market
 - B. The productivity of capital
 - C. Cost of production
 - D. The factors of production
 - E. Government policy

- 4 The production within the domestic territory of a country is called the
 - A. Net national product
 - B. Gross domestic product
 - C. Net income
 - D. Disposable income
 - E. Gross national product

5. In discussing the reasons why wages differ between occupations, which of the following should be regarded as a cardinal point that needs to be emphasized?
 - A. Length and cost of training
 - B. Demand and supply
 - C. Attractiveness of the job
 - D. Influence fo trade unions.
 - E. Government intervention.

- 6 A rightward shift in the production possibility frontier may be due to
 - A. Use of inferior inputs
 - B. Inefficiency
 - C. Improvement in production techniques and practices
 - D. Changes in the product mix
 - E. Changes in consumers' tastes and preferences.

7.
 - A. Use of inferior inputs
 - B. Inefficiency
 - C. Improvement in production techniques and practices
 - D. Changes in the product mix
 - E. Changes in consumers' tastes and preferences.

1	750	200	950	-	950
2	750	560	1310	360	655
3	750	900	1650	?	550

The above table shows the short-run costs of a firm. What is the firm's marginal cost for the third item produced?

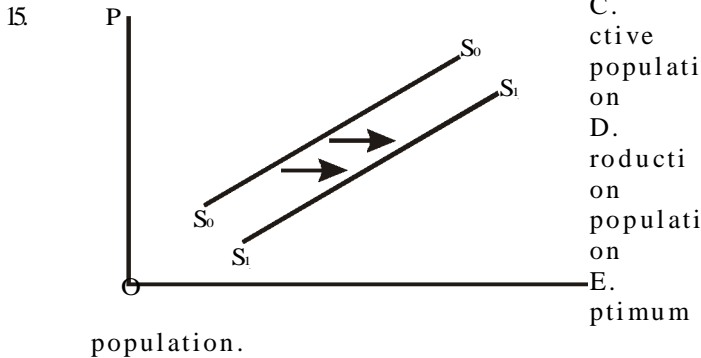
- A. N350.00 B. N349.00 C. N360.00
D. N370.50 E. N505.00

Quantity	Fixed Cost	Variable Cost	Total Cost	Marginal Cost	Average Cost
	N	N	N	N	N

- 8 The advantages that accrue to a firm as the size of the firm increases are known as
A. External diseconomies B. Internal returns to scale
C. Internal economies D. Internal diseconomies
E. Constant returns to scale.
- 9 One of the advantages of large-scale production is that
A. There is a rise in the cost of administration
B. Consumers sacrifice their individual tastes
C. The firm can use labour-saving machinery
D. The demand for a firm's products become localized
E. Decision making takes a long time because different levels of management are involved.
- 10 Which of the following is NOT an obstacle to economic development?
A. Low level of investment B. Lack of modern technology
C. High rate of population growth
D. Low productivity E. Dedicated leadership
- 11 An ageing population refers to the preponderance on
A. Middle-aged people in the population
B. Young people in the population
C. Women in the population
D. Old men in the population
E. Old people in the population
- 12 Let $TC =$ total cost
 $TVC =$ total variable costs
 $TFC =$ total fixed costs
 $ATC =$ average total costs
 $AVC =$ average variable costs
 $AFC =$ average fixed costs
 $Q =$ output
Which of the following is NOT true?
A. $TC = TFC + TVC$
B. $ATC = AVC + AFC$
C. $AFC = \frac{TFC}{Q}$
D. $TVC = AVC \cdot Q$
E. $AVC = \frac{TVC}{Q}$
- 13 Which of the following is NOT a determinant of the size of the economically active population?
A. Age structure
B. Occupation of workers
C. Proportion of men to women
D. Average length of the working day
E. Efficiency of the labour force

14. The population level that yields the maximum output when combined with available resources is known as

- A. Dependent population
- B. Maximum population



In the above diagram the supply curve S_0S_0 shifts to a new position S_1S_1 to indicate

- A. A drop in supply
- B. A rise in supply
- C. A supply-push inflation
- D. A stable supply curve
- E. An increase in quantity supplied.

16. If X and Y are two goods, then the cross elasticity of demand for X with respect to Y is defined as the

- A. Percentage change in the quantity of X divided by the percentage change in the price of Y
- B. Percentage change in the quantity of X divided by change in the price of Y
- C. Change in the quantity of X divided by change in the price of Y
- D. Percentage change in the quantity of X divided by the price of Y
- E. Percentage change in the quantity of Y.

17. For two substitute goods, the cross elasticity of demand is

- A. Greater than one but less than two
- B. Zero
- C. Negative
- D. Positive
- E. Infinity

18. The control of prices by legislation usually produces a number of consequences. Which of the following is NOT an associated problem of maximum price control?

- A. Excess supply
- B. Favouritism
- C. Bribery and corruption
- D. Black marketing
- E. Hoarding

19. For a non-discriminating monopolist in Nigeria, price at the profit maximizing output is

- C. The substitution effect and the rise in real income of the consumer
- D. The rise in demand for the complementary goods
- E. The increase in the demand for factors of production

20. An imperfectly competitive market is one where

- A. A large number of firms sell homogenous products

- B. Input and output prices are unaffected
- C. Each firm faces a horizontal demand curve
- D. Each firm maximizes profit by selecting an output level at which marginal cost equals market price
- E. Commodities are differentiated

22. In taxation, the benefit principle requires that

- A. Everybody must draw benefits from taxation
- B. All those who earn more income must pay more taxes

- A. Equal to marginal cost
- B. Greater than marginal cost
- C. Greater than average total cost
- D. Equal to marginal revenue
- E. Equal to total revenue

21. A demand curve slopes downwards because of

- A. ~~Antagonistic~~ consumer
- B. A decrease in the money income of the consumer Only those who derive benefits from services provided from public revenue should be taxed
- F. Taxes paid by businesses should be shifted to those consumers benefiting from such consumer commodities
- G. Everybody pays an equal amount

23. A perfectly competitive firm does not influence the demand for its commodities by lowering its price below the market price because

- A. It is illegal price cutting
- B. Other competitors will be angry
- C. Total revenue will decline due to its inelastic demand curve
- D. It is able to sell all it wants at the market price
- E. It does not maximize profit.

24. Pricing and output decisions of sellers are highly interdependent in markets known as

- A. Oligopoly
- B. Perfect competition
- C. Monopoly
- D. Monopolistic competition
- E. Imperfect competition.

- 25 One disadvantage of sole proprietorship is its
- A. Limited liability
 - B. High profits
 - C. High sense of ownership
 - D. Low credit rating
 - E. Low failure rate.
- 26 The Channel for food distribution in Nigeria consists of
- A. Farmers and their families
 - B. Producers, wholesalers and retailers
 - C. Producers and consumers
 - D. Producers and processor
 - E. Farmers. Processors and consumers.
- 27 Which of the following is NOT true of debentures and debenture holders?
- A. Debentures are instruments for raising long-term capital by limited liability companies
 - B. Debentures are fixed interest-bearing securities with specifies maturity date.
 - C. Debenture holders are creditors to the company and therefore do not share in the risk of the company
 - D. Debenture holders are entitled to interest

29.

payments whether or not profits are made.
E. Preference shareholders receive their share of profits before debenture holders receive their entitlements.

36

Generally property taxes

- A. Are borne entirely by landlords
- B. Cannot be shifted in the long run
- C. Are borne by all (renters, owner-occupiers and landlords)
- D. Are borne only by renters
- E. Are borne by a few industrialists.

28

The economic goal of public utilities is to
A. Maximize profits B. Expand assets
C. Minimize cost D. Provide essential services
E. Pay higher dividends to shareholders

37.

One of the major effects of an increase in government expenditure on a nation's economy is that it

The basic principles of co-operative societies are those of

- A. Active participation of capitalists in the affairs of co-operative societies
- B. Workers ownership and worker control
- C. Sole proprietorship
- D. Partnership
- E. Denying of credit facilities to members

- A. Creates investment opportunities for foreign investors
- B. Leads to indigenization of the private sector
- C. Raises the level of total tax revenue
- D. Raises the level of aggregate demand
- E. Controls the spread of monopoly

30

The most important factor determining the location of the cement industry in Nigeria today is
A. Capital and government policy
B. The nature of the product, infrastructure and government policy
C. Nearness to the market and source of power
D. Price of the product and source of labour
E. Raw materials

34

Lord Keynes identified three motives for holding money, that is, keeping one's resources in liquid form instead of in some form of investment. The motive which relates to making provision for the 'rainy day' is known as
A. Transaction purposes
B. Precautionary motive
C. Transactions motive
D. Investment motive
E. Rainy day motive.

31.

The most important characteristic of money is
A. Portability B. Intrinsic value
C. Acceptability D. Usefulness
E. Beauty

35.

If a person demands money for buying and selling securities it is referred to as demanding money for
A. Transaction purposes
B. Speculative purposes
C. Transactionary purposes
D. Meeting the educational expenses of children

32

The Central Bank instrument of control does NOT include
A. Open market operations
B. Moral suasion
C. A rise in cost of production.
D. Selective credit control
E. Printing banknotes

33

Cost push inflation takes place due to
A. The rapid increase in the demand for goods
B. An increase in productivity of the factors of production
C. A rise in the cost of production
D. A rise in the standard of living
E. The low wage rate of the workers.

38. Public expenditure on services, such as education and health, is known as expenditure on
- A. General services
 - B. Community services
 - C. Social services
 - D. Economic services
 - E. Administrative services

Questions 39 and 40 are based on the table below:

The international production set for Nigeria and Austria is:

Product	Nigeria	Austria
Cocoa	20 tonnes	12 tonnes
Lace	10 metres	8 metres

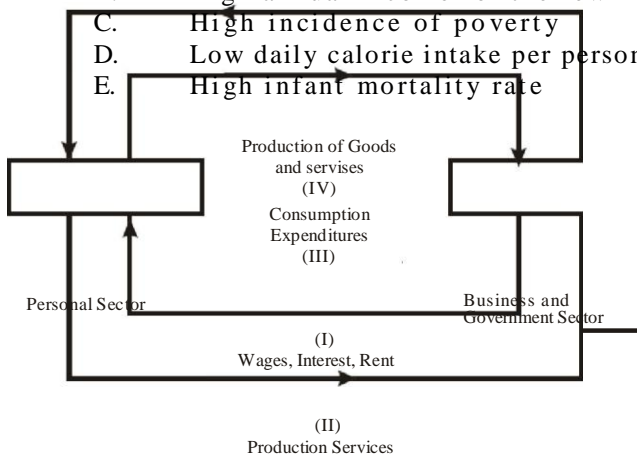
39. The opportunity cost ratio for cocoa and lace for Austria and Nigeria is
- A. 2, 2
 - B. 2, 1, 5
 - C. 1, 5, 4
 - D. 1, 5, 2
 - E. 0.5, 1, 5
40. From the table it can be deduced that
- A. Nigeria should produce cocoa and lace
 - B. Austria should produce cocoa and lace
 - C. Nigeria can benefit from producing lace only
 - D. Nigeria should not produce any of the products
 - E. Austria should produce lace and Nigeria should produce cocoa.
41. The following, except ONE, are the differences between international trade and internal trade.
- A. Differences in currencies
 - B. Governments control
 - C. Mobility of factors of production
 - D. Cultural differences.
 - E. Exchanges of goods and services
42. Let P_x represent the price of exports and P_m the price of imports. Then the items of trade (TOT) are said to be favourable if
- A. $\frac{P_x}{P_m} < 1$
 - C. $\frac{P_x}{P_m} > 1$

- B. $\frac{P_x < 1}{P_m}$ D. $\frac{P_x = 1}{P_m}$
 E. $0 < P_x < 1$
 P_x

43 Which of the following items does NOT belong to a country's current account in the balance of payments account?
 A. Merchandise exports B. Merchandise imports
 C. Travel D. Foreign currencies E. Insurance services

44 An improvement in Nigeria's terms of trade should
 A. Lead to a fall in cost of her imports in terms of what she must sacrifice to obtain them
 B. Make 'made in Nigeria' goods cheaper to buy
 C. Increase Nigeria's domestic output of commodities
 D. Lead to an increase in her exchange rates
 E. Lead to an increase in Nigeria's exports of petroleum

45 Which of the following is NOT a feature of economic underdevelopment o a country?
 A. Large number of high income earners relative to the population
 B. High annual income for the few
 C. High incidence of poverty
 D. Low daily calorie intake per person
 E. High infant mortality rate



46. The above diagram illustrates
 A. The circular flow of income
 B. Gross national product plus depreciation
 C. Incomes of the sector
 D. The profit of business enterprises
 E. The output approach to national income determination.

47. In the diagram (I) refers to the calculation of national income through the
 A. Expenditure approach
 B. Input-output approach
 C. Flow of funds approach
 D. Income approach
 E. Output approach

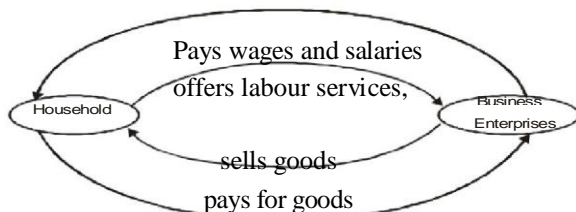
48. In the same diagram, (III) refers to the calculation of national income through the
 A. Income approach
 B. government earnings approach
 C. expenditure approach
 D. output approach
 E. flow of funds approach

49 Given the present state of the Nigerian economy, which of the following measures will promote a more rapid economic development?
 A. Complete dependence on oil exports
 B. Concentration on agricultural exports
 C. Diversification of the economy
 D. Building of more schools and universities
 E. Introduction of nuclear energy in Nigeria

50 Which of the following does NOT represent the behaviour of a monopolist?
 A. Management the market price of his goods
 B. Manipulating both the price and quantity of his goods at the same time
 C. Raising the price at one market, lowering at another market
 D. Manipulating only quantity, price being a given factor
 E. Manipulating the quality of his goods

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2.



1 One main quality of a good is that it

- A. Is sold in the market
 B. Satisfies wants
 C. Is made in the factory
 D. Is always tangible
 E. Is non-perishable

The interdependence between household and business enterprise illustrated in the figure above is known as

- A. Market interaction
- B. Cash flow
- C. Circular flow of income
- D. Supply and demand for goods and services
- E. Household preference schedule

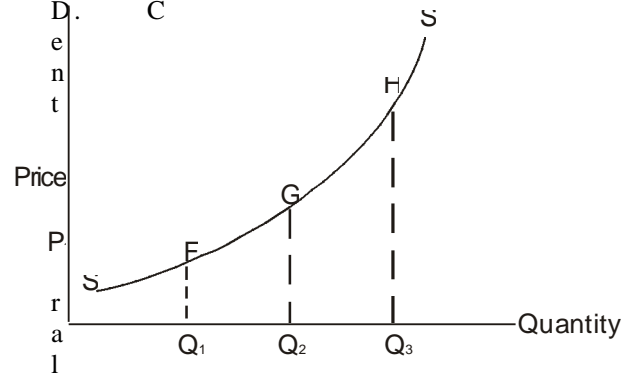
3 Bisi needs book costing N10.00. If Bisi buys the book instead of the hat, the opportunity cost of his choice is the

- A. Cost of the book
- B. Cost of the hat
- C. Book
- D. Hat E. N10.00

4. An economic problem exists whenever
- There is scarcity and choice
 - There are no buyers for our goods
 - There are too many sellers
 - Many people are out of work
 - All raw materials are imported
5. The meaning of scale of preference is
- Preparing a list of goods and services to be purchased in order of priority
 - Showing the monthly income
 - Budget preparation without due regard to proper priorities
 - Consumer preference for luxurious goods
 - Consumer preference for foreign goods

- An increase in demand for X will shift the supply of Y
- An increase in demand for Y will raise the price X
- An increase in demand for X will cause less of Y to be produced.
- A probable tax on Y cause more of X to be supplied

11. In market economies, resources are allocated through the
- Government authorities
 - Price system
 - Banking system
 - C



- planning bureau
- Revenue allocation formula

12. Study the figure below

P₂

P₃

2	15	5
3	17	2
4	18	1
5	18	0

10. If in the short run commodity X and commodity Y are supplied jointly, which of the following is correct?
- An increase in demand for X will increase the

6. Optimum population is desirable because it enables an economy to attain maximum
- Per capita income
 - Per capita output
 - Per capita real income
 - Per capita revenue
 - Growthrate

7. The age distribution of a population is NOT influenced by
- Birth rates
 - Death rates
 - Patterns of immigration
 - Patterns of emigration
 - School leaving age

8. One theory of population contends that population tends to increase much faster than the supply of food, and that if the growth in population is not checked, it will be checked by natural forces like misery, disaster and food shortage. This theory was propounded by
- Prof. Paul Samuelson
 - Adam Smith
 - David Richardo
 - Rev. Thomas Malthus
 - Prof. Ojetunji Aboyade

The table above illustrates the law of

Units of Quantity Consumed	Total Utility	Marginal Utility
A.	Diminishing	Diminishing
B.	Diminishing	marginal productivity
C.	Diminishing	returns-
D.	increasing	returns 10
E.	Increase	total utility

At point H, the price elasticity of supply is

- A. Perfectly inelastic
- B. Inelastic
- C. Unit elastic
- D. Perfectly elastic
- E. Elastic

B At every point on an indifference curve, the

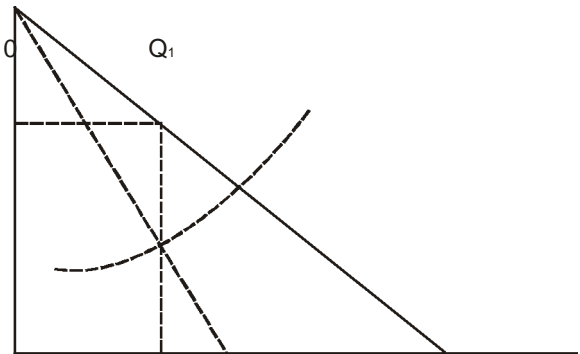
- A. Total utility is decreasing
 - B. Prices for all goods are constant
 - C. Consumer is satiated
 - D. Level of utility is constant
- supply of Y

E. Level of utility is increasing

14 Under perfect competition, the long-run equilibrium requires

- A. $MR = MC$
- B. $MR = AC = AR$
- C. $MR > MC$
- D. $MR = MC = AR = AC$
- E. $AR = AC$

15 Price



T

N

M