

# **Economics**

## 1983 - 2004

JAMB

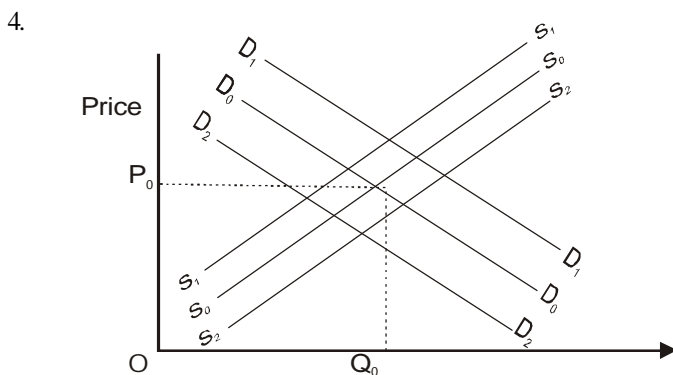
Questions

# Economics 1983

1. Which of the following items is NOT included in measuring national income by the income approach?
- Wages and salaries of public servants
  - Student grants and scholarships.
  - Profits of companies.
  - Income earned by self employed persons such as lawyers.
  - 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
- both price and quantity will increase
  - only price increase
  - only quantity increase
  - the price remains constant
  - the price falls.

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



The curves  $D_0, D_1$  and  $S_0, S_1$  are the demand and supply curves respectively. What happens government subsidizes producers in order to boost output?

- The supply curve will shift  $S_0, S_1$  to  $S_2, S_2$
  - The supply curve will shift from  $S_0, S_0$  to  $S_1, S_1$
  - The supply curve will shift from  $S_2, S_2$  to  $S_1, S_1$
  - The supply curve will shift from  $S_1, S_1$  to  $S_0, S_0$
  - The demand curve will shift from  $D_0, D_0$  to  $D_1, D_1$
5. The natural growth rate of a population is the
- Sum of the birth rate and the death rate
  - Sum of the birth rate and the net migration rate
  - Birth rate minus the death rate

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

6. Which of the following sets fully represents factor of production?

- Sunlight, machinery, man, land
- Land, labour, capital, enterprise technology
- Capital, technology, ideas, market, land.
- Land, water, weather.
- Money, market, middlemen.

7. Production possibilities (alternatives)

	P	Q	R	S	T
Units of shelter	5	4	3	2	0
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

- One unit of shelter
- Three units of shelter
- One third of a unit of shelter
- Six units of shelter
- Two units of shelter.

8. The concept of economic efficiency primarily refers to

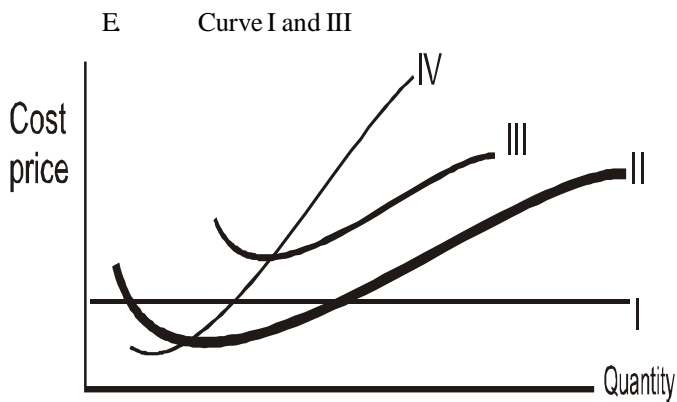
- Obtaining the maximum output from available resources at the lowest possible cost
- Conservation of our petroleum resources
- Equity in the distribution of the nation's wealth
- Producing without waste
- The limited wants unlimited resources dilemma

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.

- The productivity of labour
- The law of diminishing marginal utility
- The law of diminishing returns
- The concept of factor intensity
- 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)?

- Curve I
- Curve II
- Curve III
- 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 per 5 kg bag	QUANTITY DEMANDED in bags	QUANTITY SUPPLIED 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

13. 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

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

- 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.

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
- Federal grants to state and local governments
- Federal grants to local governments

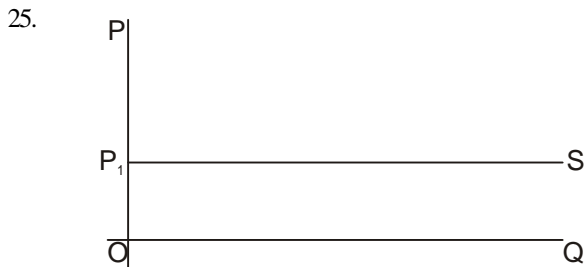
22. The supply of loanable funds is significantly influenced by

- |                     |                   |
|---------------------|-------------------|
| 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  $P_0$  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
  - B. According to absolute cost disadvantages
  - C. According to Comparative cost disadvantages

- D. According to comparative cost advantages
- E. 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 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 fallen 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 costs 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

34. The quickest way of achieving an economic union on regional basis is to remove all
- 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.

# Economics 1984

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 of 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.

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

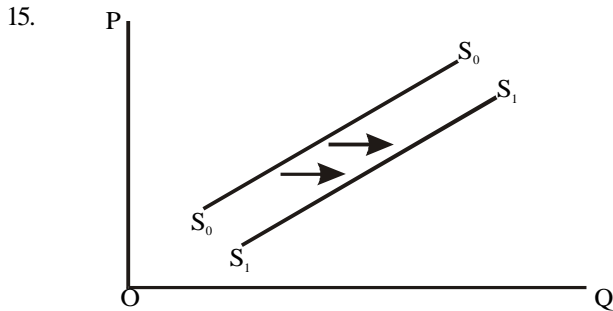
A. N350.00    B. N349.00    C. N360.00  
 D. N370.50    E. N505.00

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
- Dependent population
  - Maximum population
  - Active population
  - Production population
  - Optimum population.



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

- A drop in supply
  - A rise in supply
  - A supply-push inflation
  - A stable supply curve
  - 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
- Percentage change in the quantity of X divided by the percentage change in the price of Y
  - Percentage change in the quantity of X divided by change in the price of Y
  - Change in the quantity of X divided by change in the price of Y
  - Percentage change in the quantity of X divided by the price of Y
  - Percentage change in the quantity of Y.
17. For two substitute goods, the cross elasticity of demand is
- Greater than one but less than two
  - Zero
  - Negative
  - Positive
  - 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?
- Excess supply
  - Favouritism
  - Bribery and corruption
  - Black marketing
  - Hoarding
19. For a non-discriminating monopolist in Nigeria, price at the profit maximizing output is
- Equal to marginal cost
  - Greater than marginal cost
  - Greater than average total cost
  - Equal to marginal revenue
  - Equal to total revenue
20. A demand curve slopes downwards because of
- An increase in the money income of the consumer
  - A decrease in the money income of the consumer

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

21. An imperfectly competitive market is one where
- A large number of firms sell homogenous products
  - Input and output prices are unaffected
  - Each firm faces a horizontal demand curve
  - Each firm maximizes profit by selecting an output level at which marginal cost equals market price
  - Commodities are differentiated
22. In taxation, the benefit principle requires that
- Everybody must draw benefits from taxation
  - All those who earn more income must pay more taxes
  - Only those who derive benefits from services provided from public revenue should be taxed
  - Taxes paid by businesses should be shifted to those consumers benefiting from such consumer commodities
  - 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
- It is illegal price cutting
  - Other competitors will be angry
  - Total revenue will decline due to its inelastic demand curve
  - It is able to sell all it wants at the market price
  - It does not maximize profit.
24. Pricing and output decisions of sellers are highly interdependent in markets known as
- Oligopoly
  - Perfect competition
  - Monopoly
  - Monopolistic competition
  - Imperfect competition.
25. One disadvantage of sole proprietorship is its
- Limited liability
  - High profits
  - High sense of ownership
  - Low credit rating
  - Low failure rate.
26. The Channel for food distribution in Nigeria consists of
- Farmers and their families
  - Producers, wholesalers and retailers
  - Producers and consumers
  - Producers and processor
  - Farmers. Processors and consumers.
27. Which of the following is NOT true of debentures and debenture holders?
- Debentures are instruments for raising long-term capital by limited liability companies
  - Debentures are fixed interest-bearing securities with specifies maturity date.
  - Debenture holders are creditors to the company and therefore do not share in the risk of the company
  - Debenture holders are entitled to interest

- payments whether or not profits are made.
- E. Preference shareholders receive their share of profits before debenture holders receive their entitlements.
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
29. 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
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
31. The most important characteristic of money is  
 A. Portability      B. Intrinsic value  
 C. Acceptability      D. Usefulness  
 E. Beauty
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.
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.
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

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.
37. One of the major effects of an increase in government expenditure on a nation's economy is that it  
 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
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 terms of trade (TOT) are said to be favourable if  
 A.  $\frac{P_x}{P_m} < 1$       C.  $\frac{P_x}{P_m} > 1$



B.  $\frac{P_x}{P_m} < 1$

D.  $\frac{P_x}{P_m} = 1$

E.  $0 < \frac{P_x}{P_m} < 1$

43. Which of the following items does NOT belong to a country's current account in the balance of payments account?

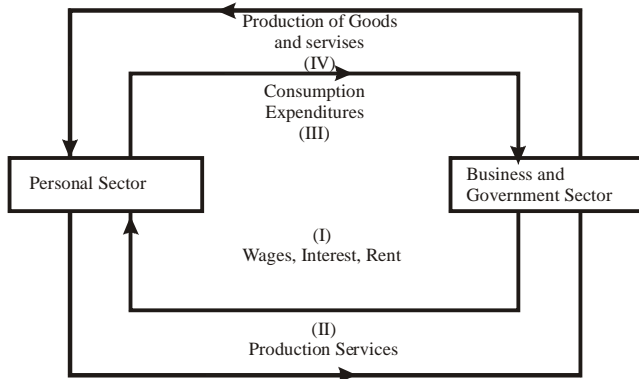
- A. Merchandise exports B. Merchandise imports  
C. Travel D. Foreign currencies E. Insurance services

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 of 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?

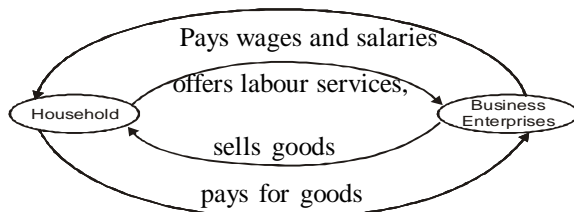
- A. Management the market price of his goods  
B. Manipulating both the price and quantity of his goods at the same time  
C. Raising the price at one market, lowering at another market  
D. Manipulating only quantity, price being a given factor  
E. Manipulating the quality of his goods

## Economics 1985

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

2.



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

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
  - Growth rate

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

9.

Units of Quantity Consumed	Total Utility	Marginal Utility
0	-	-
1	10	10
2	15	5
3	17	2
4	18	1
5	18	0

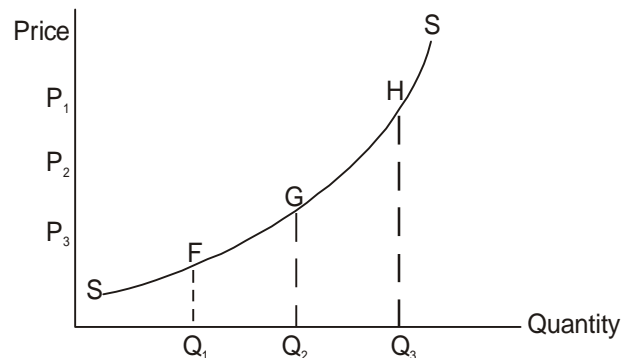
The table above illustrates the law of

- Diminishing marginal utility
  - Diminishing marginal productivity
  - Diminishing returns
  - Increasing returns
  - Increase total utility
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 supply of Y

- 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
  - Central planning bureau
  - Revenue allocation formula

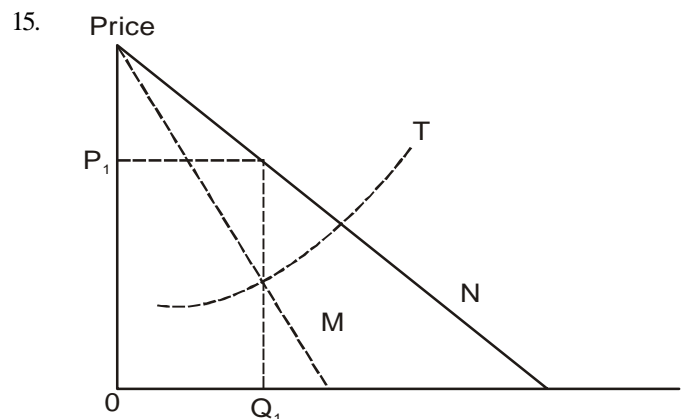
12. Study the figure below



At point H, the price elasticity of supply is

- Perfectly inelastic
  - Inelastic
  - Unit elastic
  - Perfectly elastic
  - Elastic
13. At every point on an indifference curve, the
- Total utility is decreasing
  - Prices for all goods are constant
  - Consumer is satiated
  - Level of utility is constant
  - Level of utility is increasing

14. Under perfect competition, the long-run equilibrium requires
- $MR = MC$
  - $MR = AC = AR$
  - $MR > MC$
  - $MR = MC = AR = AC$
  - $AR = AC$



- In the figure above, the broken line labelled M is the Marginal Revenue Curve of a
- A. Monopoly
  - B. Competitive firm
  - C. State corporation
  - D. Partnership
  - E. Monopsony
16. If a monopoly is attempting to maximize profit, which of the following should it attempt to do?
    - A. Select that output at which ATC is at minimum
    - B. Set price equal to TC
    - C. Maximize revenues
    - D. Maximize revenues
    - E. Equate marginal cost to marginal revenue.
  17. The amount of labour a producer hires relative to other factor inputs depends on the
    - A. Price of labour or its wage
    - B. Price of labour, machinery and other inputs
    - C. Price of machinery
    - D. Price of the other inputs
    - E. Type of machinery
  18. Which of the following is NOT a feature of under-development?
    - A. Low per capita income
    - B. Vicious circle of poverty
    - C. Low level of industrialization
    - D. Greater dependence on primary production
    - E. High per capital income
  19. The inefficient distribution of scarce commodities in Nigeria is mostly due to the
    - A. Inefficiency of the middleman
    - B. Inefficiency in the production process
    - C. Long chain of the distribution system
    - D. Sovereignty of the consumers
    - E. Ineffectiveness of retailers
  20. Warehousing facilities in the distribution and marketing of products are provided by
    - A. Manufacturers
    - B. Wholesalers
    - C. Retailers
    - D. Consumers
    - E. Sellers
  21. A corporation can obtain funds by issuing bonds. A bond is a form of debt which falls due for repayment after
    - A. 6 months
    - B. 9 months
    - C. 2 years
    - D. 5 years
    - E. 10 or more years
  22. A firm is said to be a public Joint Stock Company when it
    - A. Is owned by the government
    - B. Is operated as a public corporation
    - C. Is operated in a non-democratic fashion
    - D. Sells shares to members of the public and publishes its account
    - E. Is a limited liability company
  23. Limited liability means
    - A. The debts of a company can only be paid from business as well as private funds of the owners
    - B. The debts of the company are paid from business as well as private funds of the owners
    - C. Government cannot tax company
    - D. The debts of the company must be paid from Private funds only
    - E. The company does not have to pay its debts.
  24. The purchasing power of the Naira will fall when
    - A. The Naira is devalued
    - B. Government cuts all salaries and wages
    - C. There is inflation
    - D. The colour of the Naira is changed
    - E. Workers are retrenched
  25. When a business has unlimited liability
    - A. All its profits can be taxed away by the government
    - B. All its assets are owned by the members of its board of directors
    - C. The business ceases to exist at the death of one of its owners
    - D. The owners are responsible for all its financial debts
    - E. The owners are not responsible for all its financial debts.
  26. Which of the following factors is most responsible for the concentration of population around the oil fields in Eastern Nigeria?
    - A. Establishment of industries
    - B. Presence of mineral deposits
    - C. Transportation facilities
    - D. Favourable soil
    - E. Favourable climatic conditions
  27. The petro-chemical industries are located in the Rivers State of Nigeria due to
    - A. Favourable climate
    - B. Favourable soil
    - C. Oil deposits
    - D. Palm oil products
    - E. Coal deposits
  28. One of the functions of a commercial bank is that it is
    - A. Responsible for monetary policy
    - B. Responsible for issuing of currency notes
    - C. The lender of last resort
    - D. The banker of the government
    - E. A banker of demand and time deposits of customers.
  29. Because money serves as a standard of deferred payments
    - A. It serves as a store of value
    - B. Goods can be bought on credit with determined value
    - C. Future trade becomes possible
    - D. It serves as a unit of account
    - E. It becomes valueable

30. Which of the following is a necessary prerequisite for trade by barter.
- Need for double coincidence of wants
  - Multiple exchange rate
  - Impossibility of future trade
  - Impossibility of large-scale production
  - Indivisibility of commodities
31. A state budget is an outline of planned
- Expenditures and revenues expected within a financial year
  - Expenditures of ministries and parastatals within a given period
  - Recurrent and capital expenditures within a year
  - Sources of revenue derivation for a financial year
  - Use of different kinds of taxation in a given year
32. Which of the following is NOT among the canons of taxation as set out by Adam Smith?
- Equality
  - Security
  - Certainty
  - Convenience
  - Economy
33. An example of a regressive tax is
- The personal income tax
  - The graduated corporation income tax
  - A general sales tax
  - The inheritance tax
  - The excise tax
34. Tax which is levied on goods manufactured, sold or used within the country is
- Sales tax
  - Excise tax
  - Direct tax
  - Income tax
  - Poll tax
35. By terms of trade, we mean the
- Ratio of exports to imports
  - Difference between exports and imports
  - Difference between current account and capital account
  - Index of export prices to import prices expressed as a percentage
  - Ratio of short-term capital movements
36. The argument of tariff protection in less developed economies is that such a measure would
- Raise the price of goods affected abroad
  - Make consumers pay a higher price for the domestically produced output
  - Protect young industries from ruinous competition from abroad
  - Help reduce excess capacity in domestic industries
  - Stifle private investment initiative
37. Devaluation of the Naira as a condition for the International Monetary Fund loan is considered inadvisable because
- It would allow for more money to be spent on luxuries
  - The interest rate on the loan would increase
  - It would decrease the demand for Nigeria's exports
  - It would worsen Nigeria's foreign exchange situation
  - Nigeria's oil would sell for less in the world market
38. Foreign exchange control in Nigeria is administered by the
- United Bank for Africa
  - Union Bank of Nigeria
  - First bank of Nigeria
  - Central Bank of Nigeria
  - National Bank of Nigeria
39. Under the ECOWAS agreement, a Nigerian can enter and stay in Ghana without a visa for a period of
- 14 days
  - 30 days
  - 60 days
  - 90 days
  - 100 days
40. How many National Development Plans did Nigeria have between 1960 and 1984?
- One
  - Two
  - Four
  - Five
  - Six
41. If an economy grows at an annual rate of 6%, of which 4% is deemed to be due to improvement in the productivity of labour and capital combined, the remaining 2% is generally attributed to
- Technical progress
  - Size of the population
  - Amount of natural resources
  - The environment
  - The quality of human resource
42. The process by which a country attempts to reduce the import of manufactured goods by encouraging firms to produce these goods at home is described as
- Export promotion
  - Import-substitution
  - Industrialization
  - Export-diversification
  - Import-creation
43. Under normal circumstances a producer will bear the entire burden of taxation on his output if the
- Demand for his product is completely elastic
  - Supply of his goods is more elastic than the demand
  - Demand for his product is more elastic than the supply
  - Production of his commodities is subject to diminishing returns
  - Production of his commodities is subject to increasing returns to scale
44. Which of the following is NOT a part of the fixed cost of a limited liability company?
- Interest on loans
  - Rent on buildings
  - Depreciation reserves
  - Management expenditure
  - Wages
45. The act of combining factor inputs in order to obtain specific output is known as
- Factor procurement
  - Manufacturing

- C. Investment      D. Industrialization  
E. Production

46. Disguised unemployment  
A. Exists when manpower is not being utilized efficiently  
B. Calls for the implementation of five-year plans  
C. Can be eliminated if the price is free  
D. Can be eliminated if the capital output ratio is increased  
E. Is a statistical artifact with no economic meaning

47.

Output	Total Cost (N)
1	20
2	56
3	96
4	144
5	160

In the table above, the marginal cost when output is two units is,

- A. N16.00      B. N20.00      C. N36.00  
D. N40.00      E. N48.00

48. The table below illustrates the law of diminishing returns on a farm.

Fixed Unit Of land (Hectares)	Variable Unit of Labour	Total Output (TO)	Marginal Product (MP)
5	1	10	10
5	2	25	15
5	3	X	21
5	4	60	14
5	5	73	13
5	6	82	Y

Which pair of the following answers is appropriate for the missing information in the spaces marked X and Y?

- A. X=20, Y=6      B. X=38, Y=9  
C. X=46, Y=9      D. X=46, Y=14  
E. X=10, Y=10

49. The unemployment associated with a recession is called  
A. Voluntary      B. Frictional      C. Cyclical  
D. Structural      E. Disguise

50. When total revenue is at a maximum, marginal revenue is  
A. Constant      B. Negative      C. Zero  
D. Positive      E. Maximum

## Economics 1986

1. Choice in economic life is necessitated by  
A. The need to construct scale of preference  
B. The opportunity cost of consumption  
C. Unlimited wants  
D. Scarcity of economic resources
2. Which of these is the real cost of satisfying any want in the sense of the alternative that has to be foregone?  
A. Variable cost      B. Opportunity cost  
C. Total cost      D. Prime cost
3. Under normal circumstances the concept of consumer sovereignty implies that  
A. The consumer and not the producer owns the means of production  
B. The producer and not the consumer determines what is to be produced  
C. The consumer and not the producer determines what is to be produced  
D. Both the consumer and the producer determine what is to be produced
4. A firm is at its optimum size when  
A. It produces the greatest output at the minimum cost  
B. It has a motive to increase output  
C. Marginal cost equals marginal revenue  
D. Marginal cost is less than marginal revenue
5. The degree of specialization is limited by the  
A. Availability of specialized skills and machinery  
B. Marginal cost exceeding marginal revenue  
C. Extent of the market  
D. Disadvantage of standardization
6. Production in Economics can be defined as the  
A. Totality of producing, buying and consuming  
B. Transformation of raw materials and services in order to provide ultimate utility  
C. Transformation of raw materials and services in order to make maximum profit  
D. Production of goods and services for consumption
7. A firm achieves least cost in production by substituting factors until  
A. Their factor prices are equal  
B. Their marginal-physical-products are each equal to their factor prices  
C. Their marginal-physical-products are each zero  
D. The ratio of their marginal-physical-products equals the ratio of their prices.
8. If a person receives a higher wage than would be necessary to induce him to work, he is said to be receiving  
A. Rent      B. Profit      C. Interest      D. Period of training
9. Mobility of labour is NOT affected by  
A. Optimum size of population      B. Marriage and family  
C. Regulation trade unions      D. Period of training
10. A country has a population distribution shown below:

Aged Group in Years Corresponding Percentages

Above 60	25
15 - 60	60
0 - 14	15

The dependency ratio is

- A. 3 : 2 B. 1 : 4 C. 2 : 3 D. 2 : 3 E. 1 : 5

11. Population density refers to  
 A. Densely populated urban centre  
 B. The total area divided by the total population  
 C. Densely populated rural areas  
 D. The total population divided by the total area.
12. What fundamentally determines how much a consumer spends in a producer's shop?  
 A. Individual's propensity to consume  
 B. Level of his taxation  
 C. Level of his income  
 D. Individual's taste or fashion
13. Which of the following statements describes a mixed economy?  
 A. The government and the private sector interact in solving the basic economic problems  
 B. The invisible hand solves the basic economic problems  
 C. The government produces and distributes all goods and services  
 D. Society answers the 'what', 'how', and 'for whom' questions only through the market system.
14. In drawing an individual's demand curve for a commodity, which of the following is NOT kept constant? The  
 A. Individual's money income  
 B. Price for substitutes  
 C. Price of complementary goods  
 D. Price of the commodity under consideration
15. Given that beef and fish are substitutes, a rise in the price of beef relative to that of fish will  
 A. Induce greater demand for beef  
 B. Induce greater demand for fish  
 C. Induce lower demand for fish  
 D. Equate demands for beef and fish
16. The main function of price mechanism is to  
 A. Limit consumer demand  
 B. Enable producers make profits  
 C. Allocate scarce resources among competing ends  
 D. Ensure consumer sovereignty

**Use the table below to answer 17 and 18**

Market Demand Schedule for Commodity X

Price #	Quantity (million units)
60	100
50	140
40	220
30	260
20	300
10	340

17. If the price of commodity X falls from N40.00 to N3.00 what is the price elasticity of demand?  
 A. 0.62 B. 0.73 C. 1.00 D. 1.50
18. The revenue accruing to the seller of commodity X as a result of a fall in price will  
 A. Increase B. Fall  
 C. First fall but will increase later  
 D. Remain unchanged
19. Which of the following is an important function of prices in a market economy?  
 A. Ensuring that resources are used in the most efficient manner  
 B. Ensuring an equitable distribution of goods and services  
 C. Ensuring that all industries are perfectly competitive in the long run  
 D. Equating level of purchases with level of needs.
20. One major difference between monopoly and perfect competition is that  
 A. the perfect competitor is a price taker while the monopolist determines his own output  
 B. Homogeneity of purpose exists for the perfect competitor while non-homogeneity of purpose exists for the monopolist  
 C. Sellers are located all over the world in the case of perfect competition but sellers are located only in one country in the case of the monopolist  
 D. There is free entry and exit in perfect competition but no free exit in monopoly
21. A producer sustains a loss in the short run if  
 A. Marginal revenue is less than price  
 B. Price is less than average cost  
 C. Average variable cost is less than average cost  
 D. Marginal cost is less than marginal revenue
22. A monopolist will practise price discrimination in two markets if  
 A. The cost of separating the markets is large  
 B. The markets have different elasticities of demand  
 C. There is free flow of information in the two markets  
 D. There is a patent of the commodity
23. In the normal channels of distribution the breaking of bulk is performed by the  
 A. Producer B. Wholesaler C. Retailer  
 D. Consumer
24. The most important advantage of co-operative societies is  
 A. Their high degree of democracy  
 B. The increase in the cost of marketing  
 C. That members are encouraged to save money  
 D. The possibility of raising loans for the members

25. In a public company, shares are
- Sold to one person only
  - Distributed freely
  - Advertised to members of the public for subscription
  - Disposed of by the Chief Executive
26. Which of the following is a characteristic of a private limited liability company?
- Its shares can be sold to the public
  - The number of shareholders ranges from fifty to one hundred
  - All shareholders have equal powers and responsibilities
  - The number of shareholders ranges from two to fifty
27. One of the advantages of a partnership over a sole proprietorship is that
- It is the most popular form of business organization
  - The partner can easily withdraw from the business
  - It makes an increase in the capital of the business possible
  - There is no limit to the number of people who may bring in capital
28. Which of the following is an external economy derived by a firm?
- Low cost opportunities enjoyed by being in a place where other producers concentrate
  - Technical economies enjoyed by varying the factors of production
  - Economies of management by putting administrators where they are most efficient
  - Marketing advantages attained through preferential treatment in the purchase and distribution of produce
29. Which of the following advantages of localization of industries may also be a disadvantage?
- External economies
  - Concentration of industries and of people
  - Development of organized markets
  - Reduced cost of research
30. The Nigerian Bank for Commerce and Industry is
- A commercial bank
  - A development bank
  - An industrial bank
  - A merchant bank
31. To control inflation, the monetary authorities of a country can
- Reduce taxes
  - Advise government to increase its expenditure
  - Engage in expansive monetary policy
  - Engage in restrictive monetary policy
32. Which of the following is used by the Central Bank to control the rate of interest?
- Bill of Exchange
  - Banker's order
  - Fixed deposit account
  - Open market operation
33. Gresham's law in Economics shows that
- Bad money drives good money out of circulation
  - Good money drives bad money out of circulation
  - Gold must be available to maintain the value of paper money
  - The price level varies directly with the quantity of money
34. Given that the cash reserve ratio is 10 percent, what is the maximum amount of money that the banking system can create from an initial cash deposit of N1 000.00?
- N100.00
  - N1 000.00
  - N9 000.00
  - N10 000.00
35. The most important economic characteristic differentiating commercial banks from other financial institutions is their.
- Function as a safe and profitable store place for savings
  - Role in financing balance of payments deficits
  - Status as an intermediary between savers and borrowers
  - Ability to create and destroy money
36. Deflation is a persistent fall in the general price level and is usually caused by
- A reduction in total demand
  - An increase in government spending
  - An increase in the money supply
  - An increase in aggregate demand
37. Which of the following causes of inflation is related to demand-pull inflation?
- Low productivity on farms and in firms
  - Poor storage facilities
  - Poor distribution system
  - Increase in government expenditure on construction
38. Which of the following is NOT a goal of modern budgets?
- The control of inflation
  - The reduction in income inequality
  - The shift of all resources from the private to the public sector
  - Economic development
39. The best technical description of a progressive tax is a
- Tax which takes money from the rich than from the poor
  - More equitable tax than a regressive one
  - Tax which takes higher proportion of extra naira received as income rises
  - Tax which falls directly on those in the high income brackets.

40. Tax incidence is the analysis of
- How progressive a tax is
  - How a tax is collected
  - How distorting a tax is
  - Who ultimately pays the tax
41. In International trade, country specializes in the production of a commodity or group of commodities for which it has
- A buoyant market
  - Plenty of raw materials
  - The greatest relative advantage
  - Executive manpower
42. Balance of payments deficit in Nigeria CANNOT be solved by
- Importing more goods and services
  - Devaluation of the currency
  - Imposing import duties
  - Imposing import bans on some commodities
43. The term, balance of trade, can be defined as the
- Relation between value of exports and value of imports over a given period of time
  - Balance owed to the rest of the world in payment for imports
  - Price paid for imports in terms of exports
  - Relation between payments of all kinds made by a country to the rest of the world, over a given period of time.
44. The terms of trade is often measured by the ratio of the index of export prices
- Divided by the index of import prices multiplied by 100
  - Multiplied by the index of import prices
  - Plus the index of import prices multiplied by 100
  - Minus the index of import prices
45. A society which forgoes present consumption
- Is forced to do so because of excessive consumption within the country in the post
  - Is devoting new resources to new capital formation
  - Is merely devoting resources to the replacement of capital
  - Expects to consume only that amount tomorrow which was forgone today
46. ECOWAS will enable the countries involved to achieve
- Comparative political advantage over other countries not in the region
  - A large market for their products
  - Military superiority over countries not in the region
  - Lower the transportation cost of goods within the region
47. Which of the following methods is most likely to lead to an increase rate of growth in the national economy?
- An increase in wages and profits
  - An increase in consumer demand
  - A greater fraction of the National Product going into investment
  - A continuous rise in bank loans
48. The differences between the Gross Domestic Product and the Gross National Production is the
- Allowance for total depreciation
  - Total interest payments
  - Total tax and interest payments
  - Net income from abroad
49. Which of the following strategies will provide more employment opportunities for Nigerians?
- Investment in social services
  - Industrialization
  - Economic planning
  - Eradication of illiteracy
50. A nation's distribution of income shows
- The value of all goods produced in the economy
  - How income is dividend among different groups
  - Where the economy system is on its production possibility curve
  - The consumption behaviour of the people

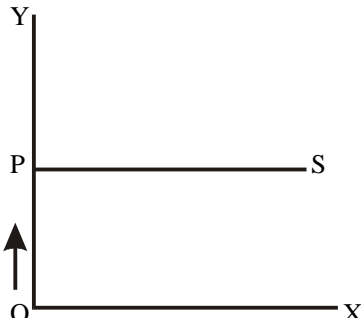
## Economics 1987

1. A production possibility curve shows
- How much of the resources of society are used to produce a particular commodity
  - The rate of inflation
  - The rate of unemployment in the economy
  - The various combination of two commodities that can be produced
2. The study of the economic behaviour of individual decision-making units (consumers resources owners and business firms) in a free-enterprise economy is known as
- Microeconomics
  - Macroeconomics
  - Production
  - Indifference curve
3. Which of the following best describes the concept of opportunity cost?
- A special bargain or sale at below market price
  - Costs for inputs tend to go up as we use more of them
  - Goods that are not produced in order to produce more of another good
  - A cost that constantly decreases



4. Market is defined as
- One geographical location where people meet to buy and sell
  - The demand and supply of goods and services
  - A group of people whose sole interest is to make profit
  - Any organization at framework which links the buyers and sellers of a good or service.
5. The additional revenue obtained by using one more unit of a factor is called its
- Marginal product
  - Additional product
  - Marginal revenue product
  - Average product
6. Labour productivity is defined as
- Output per man/hour
  - Average output
  - The maximum number of hour worked
  - Total level of output
7. Efficiency of labour is enhanced by
- Involvement in own family affairs
  - Mechanization processes
  - War against indiscipline
  - Improved working condition and training
8. Average Fixed Cost is
- Average Total Cost less the sum of Average Variable Cost
  - Half the sum of all costs
  - Total Fixed Cost divided by the level of output
  - Total Fixed Cost plus Marginal Cost
9. The residual of production which accrues to the ownership of land after all other expenses have been met is called
- Wages
  - Rent
  - Interest
  - Profit
10. In the history of Economic Thought, the concept of Division of Labour is usually associated with
- David Richardo
  - J. M. Keynes
  - Adam Smith
  - Karl Marx
11. The form of capital which is usually consumed or transformed into finished goods and services in the production process is called
- Industrial capital
  - Social capital
  - Fixed capital
  - Circulating capital
12. The shut-down point for a firm in the short run is the output at which
- The price of the product is lowest
  - Marginal Cost is not constant
  - Average Variable Cost is not covered
  - Average Cost is minimum
13. In the long run a firm will leave an industry if price
- Does not cover at least Average Total Cost

- Is not equal to Marginal Cost
- Is higher than Average Variable Cost
- Is not at least equal to the minimum of the Marginal Cost curve

14. In the process of shipping, Mr X whose salary per month does not exceed N200, finds that the price of a commodity he used to purchase with a fixed amount of N200 has now risen to N230. He therefore decides not to buy this commodity at all Mr X is thus affected by the
- Substitution effect of a price change
  - Income effect of a price change
  - Opportunity cost of a price change
  - Inflation effect of a price change
15. Price can be defined as
- A rate of exchange
  - A medium of exchange
  - The cost of a product
  - The standard of accounting
16. In the operation of market forces, the market is in equilibrium at the point where
- Demand and supply curves intersect in more than one point provided the market is cleared
  - The excess in the market can be conveniently stored
  - Excess demand is negative
  - Demand and supply curves intersect
17. A shift in the demand curve, for a commodity when the supply curve is vertical will lead to a change in the
- Price only
  - Quantity only
  - Quality only
  - Price and quantity
18. Given an original price of N3.50 per kilogram of rice and a change in price of N1.40; and given the quantity purchased at the old price as 10kg and a change in quantity as 5 kg after the price change the elasticity is equal to
- 10.20
  - 3.57
  - 1.25
  - 0.80
19. For normal goods the income elasticity of demand is
- Positive
  - Negative
  - Zero
  - Infinite
- 20.
- 
- In the diagram above, PS is the supply curve for a particular commodity, while OP is the price. Which of the following statements is correct?
- The quantity supplied is infinitely elastic
  - When price is zero, the quantity supplied is infinite
  - When price is infinite, the quantity supplied is zero
  - The quantity supplied is indefinite

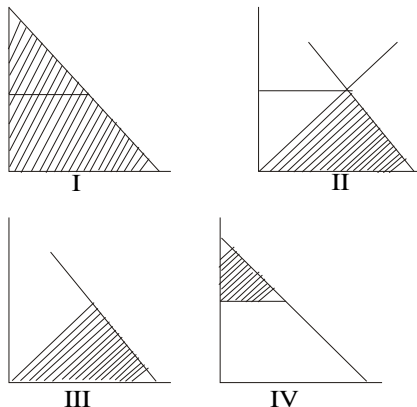
**Use the following information to answer questions 21 and 22**

X, Y and Z are the only three consumers of a commodity.

Their respective demand schedules for the commodity are as given below:

X		Y		Z	
Price #	Quantity (Units)	Price #	Quantity (Units)	Price #	Quantity (Units)
0	24	0	15	0	40
2	15	2	10	2	30
5	10	5	5	5	15
10	0	10	2	10	5

21. The market demand curve for the commodity cuts the quantity axis when quantity is  
 A. 75 units  
 B. 35 units  
 C. 7 units  
 D. Not determinable from the schedules except when graphed
22. What is market demand for the commodity when price is N5  
 A. 65 units B. 40 units C. 30 units D. 20 units
23. If a good is an inferior good, then  
 A. It is also necessarily a figgen good  
 B. The quantity of the good demanded varies inversely with its price  
 C. Its income elastic of demand is negative  
 D. The poor buy the good only out of habit
24. An increase in supply will lower price unless  
 A. Supply is perfectly inelastic  
 B. Demand is perfectly elastic  
 C. It is followed by an increase in demand  
 D. Demand is highly inelastic
25. Which of the following is compatible with a firm in a purely competitive market?  
 A. Demand is inelastic  
 B. Demand is infinitely elastic  
 C. Marginal Cost is falling  
 D. Price is greater than Marginal Cost



grams above is the consumer surplus correctly shaded?  
 A. I B. II C. III D. IV

27. What form of market is found in an imperfect competi-

tion where there are few buyers and many sellers?

- A. Oligopoly B. Monopoly C. Duopoly  
 D. Oligopsony

28. To which of the following sectors do services belong?  
 A. Primary B. Secondary C. Tertiary D. Construction
29. The liability of the sole trade is  
 A. Indeterminable B. Unlimited  
 C. Transferable D. Limited
30. Which of the following is NOT a type of business ownership  
 A. Debenture holding B. Private company  
 C. Partnership D. Joint stock venture
31. Which of the following is a disadvantage of regional concentration of industries?  
 A. Development of congested urban areas  
 B. Existence of regional unemployment  
 C. High cost of labour  
 D. Immobility of labour
32. A limited liability company is usually owned by  
 A. An individual B. A government  
 C. Share-holders D. Two or more partners
33. Money market differs from capital market in that it  
 A. Deals with short-term loans while capital market deals with long-term funds  
 B. Deals with honey only while capital market deals with capital as well  
 C. Is limited in scope while capital market is not  
 D. Uses interest rates while capital market does not
34. The main reason for charging interest is to  
 A. Reward entrepreneurial effort  
 B. Redistribute profits  
 C. Reward investors for present use of capital  
 D. Mobilise more funds for development
35. In the keynesian model,  
 A. The demand for money is inversely related to the rate of interest  
 B. Investment is directly related tot he rate of interest  
 C. Investment is not related to the rate of interest  
 D. The demand for money is directly related to the rate in interest
36. If inflation is anticipated to continue,  
 A. People will lose confidence in goods  
 B. Lenders will demand higher interest rates  
 C. The growth of full-employment output will be accelerated  
 D. People will want to hold more money
37. Ad valorem tax means  
 A. A certain percentage tax based on the value of the commodity  
 B. A certain percentage tax based on the volume of the commodity  
 C. A tax on the income of the consumer

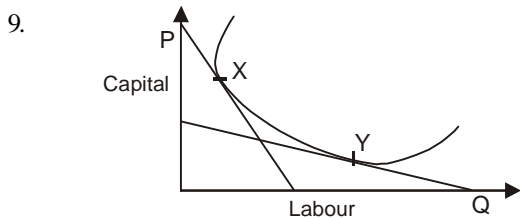
- D. Payment of a tax on the profits made
38. In order to raise more revenue for a certain period, government should impose higher taxes on goods whose demand is  
 A. Elastic B. Inelastic C. Perfectly elastic  
 D. Unitary elastic
39. A budget with a projected revenue in excess of its expenditure is said to be  
 A. Balanced B. Surplus  
 C. Deficit D. Inflationary
40. The money which government spends yearly for the maintenance of its schools is  
 A. Used only for wages and salaries  
 B. Part of the government's capital expenditure  
 C. Part of the government's recurrent expenditure  
 D. The government's budget for its schools.
41. Which of the following applies to a commodity sold abroad at a price lower than that in the producing country?  
 A. Dumping B. Counter-trade C. Bilateral trade  
 D. Trade liberalization
42. The rate of exchange between a domestic and a foreign currency is defined as the  
 A. Terms of trade  
 B. Domestic currency price of a unit for the foreign currency  
 C. Foreign currency price of gold  
 D. Domestic currency price of gold
43. Which of the following best explains the structural changes in the population of a country?  
 A. Positive changes in the size and ethnic composition of the population  
 B. A decrease in the size of the population  
 C. An increase in the birth rate which is higher than the decrease in the death rate  
 D. Change in the age, sex and occupational composition of the population
44. Statistical information available in most West African countries suggests that
- A. The marginal propensity to save is high  
 B. The marginal propensity to consume is high  
 C. The consumption pattern is negative  
 D. There exists perfect correlation between consumption and savings
45. Transfer payments are  
 A. Transfer earnings  
 B. Money transferred from one country to another  
 C. Unearned income  
 D. Payment transferred from one account to another
46. Capital consumption allowance refers to  
 A. Personal consumption expenditure  
 B. Indirect business taxes  
 C. Depreciation of capital equipment expenditure on capital equipment.  
 D.
47. The difference between personal income and personal disposable income is  
 A. Personal income tax  
 B. Investment income  
 C. Personal savings  
 D. Consumption expenditure
48. Frictional unemployment  
 A. Is total unemployment minus structural  
 B. Occurs when the unemployed are persons with specific training  
 C. Occurs when the number of job seekers exceeds the number of vacancies.  
 D. Occurs when people are changing jobs.
49. For the improvement of the welfare of a people, a high production level is not enough because  
 A. The have-nots deserve more than a fair share  
 B. Equitable distribution is necessary  
 C. Productive efficiency is vital  
 D. Savings in the country must be guaranteed at more than 50 per cent of income earned.
50. Economic development is defined as  
 A. Positive change plus growth  
 B. Availability of more goods and services  
 C. Outward shift of the production possibility curve  
 D. Growth in the national income

## Economics 1988

1. Scarcity in economics means that  
 A. Human wants are limitless  
 B. The economy has very few resources  
 C. The economy can scarcely produce anything  
 D. Resources are limited in relation to wants
2. Economics is often described as a science because  
 A. Laboratory experiments are performed  
 B. It makes use of controlled experiments  
 C. It uses scientific methods to explain observed phenomena and predict future events  
 D. It makes use of field work.
3. When a variable is associated with time period, it is  
 A. A flow B. A stock C. Circular D. Static
4. Ufuoma is a consumer. His scale of preference shows that he prefers a pair of shoes to a wrist watch; he prefers the wrist watch to a pair of trousers; he prefers the pair of trousers to the pair of shoes. This means that Ufuoma is  
 A. Rational B. Consistent C. Inconsistent

D. Transitive

5. Air is essential to life but commands no price!  
Diamond is not essential to life but commands a high price! This is the paradox of  
A. Thrift B. Value C. Abundance D. Scarcity
6. The average product of labour in a given period is obtained by dividing the  
A. Number of workers by the total product  
B. Total product by the number of hours actually worked  
C. Change in total product by the change in the total number of workers  
D. Total product by the number of workers
7. Developments outside a given firm which reduce the firm costs are called  
A. Internal economics B. External economics  
C. External diseconomies D. Optimum effects
8. Which of the following BEST describes the products function"  
A. It indicates the best output to produce  
B. It relates naira inputs to naira outputs  
C. It relates physical outputs to physical inputs  
D. It indicates the best way to combine factors to produces any given output.



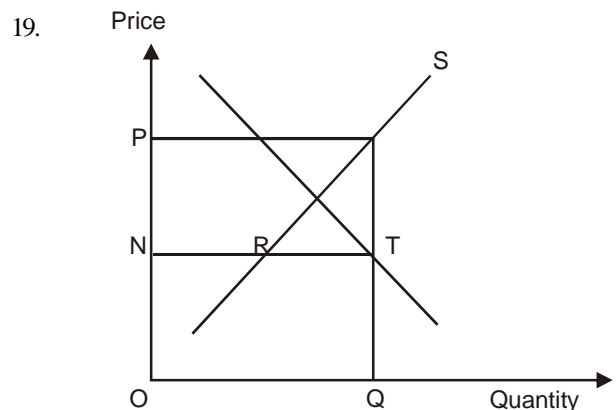
A textile firm operates a plant in the North (where capital is expensive relative to labour) as well as a plant in the South (where labour is expensive relative to capital). In the diagram above, the Southern plant will minimize cost by combining labour and capital in the amounts indicated by  
A. P B. Q C. X D. Y

10. The Law of Diminishing Returns begins to operate when  
A. Total product begins to rise  
B. Total products begins to fall  
C. Marginal product begins to fall  
D. Marginal product begins to rise
11. The assumption of profit maximization implies that profits  
A. Is the most important consideration of the firm  
B. Is the sole consideration of the firm  
C. Assumes an insatiable proportion in the instinct of management  
D. Is made in order to break-even
12. Total fixed cost measures the cost of  
A. All plant and machinery  
B. All assets where quantity cannot be varied in the short run  
C. All assets upon which the firm has control  
D. Property owned by the firm

13. The output at which total revenue equals total cost is known as  
A. Profit-maximizing output  
B. Break-even level output  
C. Loss-minimizing output  
D. Least-cost output
14. The demand and supply equations for a commodity are given respectively as  
 $D = 20 - 1/2P$   
 $S = 8 - 1/4P$   
Recalling that at equilibrium,  $D = S$ , the equilibrium price (P) and quantity (Q) can be obtained as  
A.  $P = 12, Q = 16$   
B.  $P = 14, Q = 10$   
C.  $P = 12, Q = 14$   
D.  $P = 16, Q = 12$

15. A commodity is said to have a derived demand when the commodity  
A. And another have joint demand  
B. Is demanded because of what it can help to produce  
C. Is demanded for different purposes  
D. Has inelastic demand
16. If all goods were free a rational consumer would consume  
A. An infinite amount of each good  
B. The amount where marginal utility became zero  
C. The same amount as when each good had a price  
D. The amount where marginal utility was the highest

17. Which of the following changes in equilibrium price and quantity is as a result of an upward shift in the market demand for a commodity?  
A. Both the price and the quantity fall  
B. The price rises and the quantity falls  
C. The price falls and the quantity rises  
D. Both the price and the quantity rise
18. One factor which influences the slope of a non-linear demand curve for a commodity is the  
A. Price of the commodity  
B. Quantity of the commodity demanded  
C. Availability of substitutes  
D. Availability of complements



19.

- If in the demand-supply diagram above the quantity supplied is OQ, then
- A. Price will be OP
  - B. There will be excess demand of RT
  - C. Price will be ON
  - D. Price will tend to rise
20. One of the characteristics of an imperfect market is
    - A. A large number of buyers and sellers
    - B. A lack of homogeneity of products
    - C. An adequate awareness of market conditions by buyers and sellers
    - D. The availability of substitutes
  21. Total revenue is always equal to
    - A. Marginal revenue multiplied by the quantity sold
    - B. Average revenue plus marginal revenue
    - C. Marginal revenue multiplied by marginal cost
    - D. Average revenue multiplied by the quantity sold.
  22. If prices fall in a perfectly competitive industry, the firms in that industry, in the short run will
    - A. Not decrease in number
    - B. Keep output at the same level but make losses
    - C. Reduce production
    - D. Intensify the advertisement of their products
  23. Which of the following is TRUE at the quantity of output where Average Cost (AC) per unit has reached its minimum level?
 

A. $AVC = FC$	B. $MC = AC$
C. $MC = AC$	D. $AC = AFC$
  24. In the short run, the monopolistic competitor
    - A. Always makes profit
    - B. Always incurs a loss
    - C. Always break-even
    - D. May close down
  25. Price leadership is
    - A. A form of tacit collusion
    - B. Used to explain price rigidity
    - C. Illegal in Nigeria
    - D. A form of overt collusion
  26. The additional revenue obtained by using one more unit of a factor is called
    - A. Average product
    - B. Marginal product
    - C. Diminishing returns
    - D. Marginal revenue product
  27. In a public company, entrepreneurial functions are performed by the
 

A. Workers	B. Shareholders
C. General manager	D. Board of directors
  28. The most important limitations on the partnership as a form of business enterprises is the
    - A. Implication for partners' liability
    - B. Legal limitation placed on the number of partners
    - C. Difficulties arising from having two coordinate heads of a firm
    - D. Fact that each partner regardless of the capital he contributes, must have the same voting rights
  29. Under partnership, investors who have no desires to be actively involved in the day-to-day management of such organisations, are called
    - A. Stockbrokers
    - B. Sleeping partners
    - C. Part-time investors
    - D. Ordinary partners
  30. Localization of industries refers to the
    - A. Tendency to concentrate industries in particular areas
    - B. Sitting of industries in certain areas
    - C. Deliberate policy of influencing location of industries generally
    - D. Zoning of industries
  31. Restriction on credit creation by commercial banks can be effected through
    - A. An overdraft
    - B. Loans and advances
    - C. Demand deposits
    - D. Liquidity ratio
  32. Which of the following factors enhances the ability of commercial bank to create money?
    - A. Reduction in the reserve ratio
    - B. Leakage of cash out of the banking system
    - C. Excess reserves
    - D. Insistence on collateral security
  33. In any economy, what is used as money is determined by
    - A. Government acceptance of a commodity standard
    - B. Government acceptance of an inconvertible paper standard
    - C. Laws and customs
    - D. Its use as a store of value
  34. The rate at which money changes hands is known as the
    - A. Rate of inflation
    - B. Velocity of transaction
    - C. Velocity of money
    - D. Velocity of circulation
  35. Merchant banks perform all the following functions EXCEPT
    - A. Raising of capital for industry
    - B. Provision of current account facilities
    - C. Management of investment portfolios
    - D. Provision of credit for overseas trade
  36. Which of the following is a direct tax?

- A. Sales tax                      B. Purchase tax  
C. Export duties                  D. Property tax
37. Which of the following is a direct tax?  
A. Excise tax                      B. Corporate income tax  
C. Property tax                    D. Highway-
38. When a nation is experiencing balance of payments surplus, it is in a better position to  
A. Increase its foreign exchange reserves  
B. Increase its liabilities to foreigners  
C. Reduce its foreign exchange reserves  
D. Devalue its national currency
39. Which of the following is a good example of invisible item on balance of payments account?  
A. Shipping an aviation          B. Export and imports  
C. Merchandise                    D. Bullion
40. Deficit financing is mostly facilitated by the existence of  
A. Stock exchange market        B. Commercial bank  
C. Central bank                      D. Capital market
41. The Malthusian theory of population predicts that growth in food production will  
A. Keep pace with population growth  
B. Be at a faster rate than population growth  
C. Be at a slower rate than population growth  
D. Be more rapid than population growth in the development countries
42. If aggregate income is N500.00 and aggregate consumption is N400.00, this means that the average propensity to consume is  
A. 0.20    B. 0.80    C. 1.25    D. 2.00
43. Which of the following items is subtracted when computing Gross National Product at factor cost, by the expenditure method?  
A. Consumption expenditure  
B. Indirect taxes  
C. Exports and property income from abroad,  
D. Gross Domestic Fixed Capital Formation
44. Which of the following occurs in the circular flow of economic activities with no leakages?
- A. Consumption equals saving  
B. Saving equals investment  
C. Imports equal exports  
D. National income equals national expenditure
45. In estimating the national income of a country, the three approaches usually adopted are the  
A. Expenditure, value-added and output  
B. Income, final product and output  
C. Expenditure, income and output  
D. Avoidance of double counting, final expenditure and value-added
46. If technology becomes less capital-intensive, it means  
A. An increase in the capital/labour ratio  
B. An increase in the labour/capital ratio  
C. A fall in the labour/capital ratio  
D. Increased unemployment
47. The most threatening problem for the less developed countries is  
A. The continual depletion of their soil fertility  
B. The rise of nationalism  
C. Population explosion  
D. Their indifference towards economics growth
48. An increase in an economy's productive capacity implies  
A. An increase in the economy's rate of capital replacement  
B. An increase in the economy's capital stock  
C. A decrease in government spending  
D. An increase in government spending
49. Collectivism refers to the system of management of state enterprises in a  
A. Mixed economy  
B. Co-operative organization  
C. Capitalist economic system  
D. Socialist economy
50. The group of unemployed members of a community who are physically handicapped or disabled, is generally classified under unemployment as.  
A. Frictional                          B. Cyclical  
C. Residual                            D. Hidden

## Economics 1989

1. In its simplified form, the circular flow of income concept refers to the  
A. Real flows in goods and services between the product and factor markets  
B. Monetary payments for goods and services produced by individual firms  
C. Transactions in goods and services and payments for such transactions between individual firms and households  
D. Money flows associated with transactions between individual firms and households
2. The need to construct a scale of preference is necessitated by  
A. The need to satisfy wants  
B. Scarcity and the need for choice  
C. Scarcity of resources  
D. Non-availability of factors of production
3. A shift in the production possibility frontier could result from  
A. The need to satisfy wants  
B. Scarcity and the need for choice

- C. Scarcity of resource
- D. Non-availability of factors of production

4. The primary problem of economics is
- A. To obtain a more equitable distribution of money income
  - B. Production of a given output with the lowest cost combination of factors of production
  - C. Adoption of capital-intensive technology
  - D. Increasing the quantity of the fixed factor of production

5. Efficiency in production involves
- A. Reducing the size of the work force
  - B. Producing a given output with the lowest cost combination of factors of production
  - C. Adoption the quantity of the fixed factors of production
  - D. Increasing the quantity of the fixed factor of production

6. If X represents the factors of production and Y represents the factor price, which of the following sets of association is correct?
- A. (Land, rent), (capital, wage), (labour, profit),
  - B. (Land, interest), (capital, profits), (labour, wage),
  - C. (Land, wage), (capital, interest), (labour, rent),
  - D. (Land, rent), (capital, interest), (labour, wage).

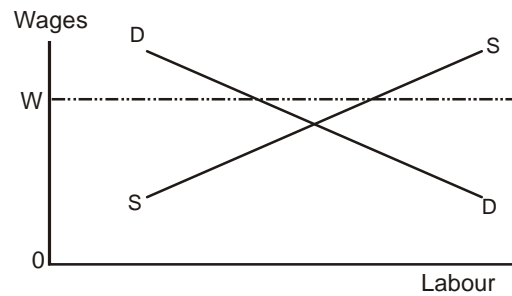
7. If the cost of production for a firm continues to increase as its output rises, the firm is said to be experiencing
- A. Large-scale production
  - B. Profit maximization
  - C. Economies of scale
  - D. Diseconomies of scale

8. Given perfect competition in the capital market, the opportunity cost of capital is adequately reflected by the
- A. Interest rate
  - B. Returns on capital
  - C. Alternative capital foregone
  - D. Shadow price of foreign exchange

9. If at 10k per kg, 1000kg of yam were purchased and at 5k per kg, 1,500 kg were purchased, the resultant point elasticity of demand is
- A. 0.33
  - B. 0.0001
  - C. 1
  - D. 10000

10. If, as the price of a commodity rises, the quantity demanded of the commodity remains the same, then the demand for the commodity is
- A. Static
  - B. Infinitely elastic
  - C. Externally determined
  - D. Perfectly inelastic

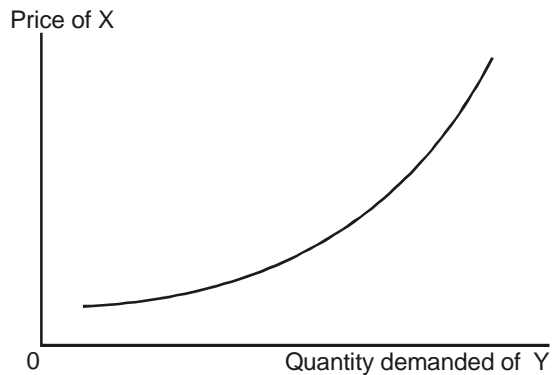
11.



In the diagram above what happens when the minimum wage is fixed at OW?

- A. Unemployment is reduced
- B. Unemployment results
- C. The demand schedule will shift
- D. The supply schedule will become steeper

12.



If the curve above shows the relationship between the price of commodity X and the quantity demanded for commodity Y, then X and Y are

- A. Complementary goods
- B. Substitutes
- C. Inferior goods
- D. Luxury goods

13.

Which of the following factors is an important determinant of the magnitude of price elasticity of demand?

- A. The production period
- B. Cost of storage
- C. Durability of the product
- D. Availability of factors of production

14.

The marginal theory of distribution makes an assertion that the price of any factor depends upon its marginal

- A. Utility
- B. Productivity
- C. Rate of substitution
- D. Revenue

15.

In order to increase its profit margin, the monopolist can manipulate

- A. Both price and output
- B. Either price or output
- C. Only its price
- D. Only its output

16.

For a purely competitive industry, a fundamental requirement of the demand curve faced by individual firms is that it should be

- A. Downward sloping and price inelastic
- B. Perfectly price elastic
- C. Downward sloping but price inelastic
- D. Perfectly price inelastic









































































































