

DEPARTMENT OF ECONOMICS

OAU, ILE-IFE, NIGERIA

SSC102: Man and his economic environment

Rain semester examination 2013/2014 session

Time allowed; 45 mins

1. Consider these statements: "on the one hand, we could use a shuttle mission to do more experiments in the gravity-free environment of earth's orbit; on the other hand, we could use a mars mission to explore the possibility of life on other planets." In using both hands, the economist is: (a) being evasive (b) identifying the difference between positive and normative statements (c) discussing alternative uses of resources (d) emphasizing the scientific nature of economics.
2. A resource which, when offered to people at no cost, more would be wanted than is available is said to be; (a) costless (b) unlimited in supply (c) of excess demand (d) limited in supply
3. The fact that people with higher incomes get to consume more goods and services addresses which question. (a) "how" (b) "for whom" (c) "where" (d) "when"
4. In the traditional classification of resources, economic value of resources is defined by (a) Human needs (b) Aesthetics value (c) diversification (d) unlimited wants
5. What is meant in economics when we say "resources are fungible"? (a) Resources belong to the fungi family of living things (b) resources are used in combination (c) resources are substitutable (d) resources are scarce
6. Which of the following relates to a developing nation exhibiting rapid growth? (a) Informal market (b) growing market (c) emerging market (d) developing market

7. In which of the following markets is time exchanged for money? (a) money market (b) labour market (c) commodity market (d) exchange rate market
8. Economic endeavor primarily consists of activities related to :
 - (a) Production and consumption of commodities (b) computation of national income (c) identification of economic and non-economic goods (d) determination of price and output of a commodity.
9. "capitalism" refers to :
 - (a) The use of markets (b) government ownership of capital goods in an economy (c) private ownership of homes& cars but not capital resources
10. High income people will sometimes pay higher prices at convenience stores for goods that are available at discount stores. They do this because: (a) they are irrational (b) their opportunity cost of time is low (c) crowded and under staffed discount stores impose higher time costs. (d)they like to be seen paying more money.
11. Because we face scarcity, every choice involves: (a) the question of "what" (b) money (c) giving up something for nothing (d) an opportunity cost
12. New classical theory is promoted by (a) Robert Lucas (b) Joseph Stiglitz (c) David Ricardo (d) Paul Krugman
13. The following describes 'physiocrats' belief that;
 - (a) Wealth of nations is derived from expansion of manufacturing sector
 - (b) Wealth of nations is derived from the value of land agriculture
 - (c) Wealth of nations is derived from human resources
 - (d) Wealth of nations promote development
14. The two writers who mainstream Economics as a separate field in their work on 'theory of human action' are: (a) Carl Menger and Mises (b) Carl Menger and David Ricardo (c) David Ricardo and Thomas Malthus (d) David Ricardo and Mises
15. The first set of writers in the field of economics were referred as: (a) socio-political economists (b) development economists (c) micro economists (d) social and political philosophers
16. To refine the subject matter of Economics, how many editions of the original publication of Adam Smith was produced before his death in 1790? (a) 3 (b) 5 (c) 6 (d) 4
17. The word economics has its origin from Greek word oikonomia meaning: (a) the management of money (b) the management of resources (c) the management of the household (d) control of unlimited wants
18. The most populous minority tribe in the south south geo-political zone of Nigeria is:
 - (a) Ijaw (b) Edo (c) Urhobo/Isoko (d) Efik/Ibibio
19. The strategy of industrialization adopted at independence was; (a) import substitution (b) export promotion (c) indigenization (d) local sourcing of raw materials
20. The Indigenization programme in Nigeria was undertaken in the _____ decade of Nigeria's independence? (a) 1st (b) 2nd (c) 3rd (d) 4th
21. Which of the following is not a reason for studying sectors of the Nigerian economy? (a) information (b) development planning (c) correction of imbalances (d) no one of the above
22. Rivers "Niger and Benue" in Nigeria form a confluence in ; (a) Niger state (b) Benue state (c) Kogi state (d) Nassarawa state

23. Nigeria according to the human development index is ranked _____ in the world.
 (a) 125th (b) 152nd (c) 106th (d) 114th
24. The longest serving president "at a stretch" in Nigeria till date is :
 (a) Gowon (b) Babangida (c) Obasanjo (d) Jonathan
25. Why will Nigeria use GDP and not GNP in the computation and measurement of her economic growth? (a) Nigeria is self-sufficient (b) Nigeria is a debtor country (c) Nigeria is a creditor country (d) Nigeria has less investment abroad
26. The difference between economic growth and economic development is that the latter deals with: (a) economic growth and structural change (b) economic growth and output change (c) economic growth and GDP is change (d) economic growth and income change
27. GDP per capita is : (a) GDP/labour force (b) GDP/population (c) GDP/unemployed (d) GDP/working population
28. All are examples of transfer payments except; (a) Bursary payment (b) salaries (c) pension payment (d) Scholarship
29. If the difference between export(X) and import (M) i.e. (X-M) of a country is negative. It implies that: (a) the country is a borrower (b) the country is a lender (c) the country is an exporter (d) the country is an importer.
30. Suppose the consumer price index (CPI) in 2012 is 124.0 and the CPI in 2013 is 13.7, the inflation rate in 2013 expressed as a percentage is: (a) 6.7% (b) 5.4% (c) 7.6% (d) 4.5%
31. Which of the following is likely to be the cost of unemployment? (a) income fluctuation (b) a rise in the price of commodity (c) government revenue effect (d) normalized structure of social strata
32. Which of the following is a measure of participation rate?
 (a) (age 15-64 who are NOT seeking job/total population of the relevant age) \times 100
 (b) (age 15-64 who are seeking job/ total population) \times 100
 (c) (age 15-64/total population) \times 100
 (d) None of the above
33. Which of the following may not be useful in reducing unemployment?
 (a) Encouraging specialization (b) giving subsidies to firms (c) reducing government expenditure (d) discouraging importation of goods and services
34. Which of the following may be least associated with poverty?
 (a) Tax changes (b) disparities in wages and earnings growth (c) local place of residence (d) inflation
35. One of the following is not true? (a) poverty is easy to discover by sighting (b) poverty is a complicated social phenomenon (c) discovering the causes of poverty is complicated (d) tax changes can cause poverty.
36. Poverty may not be defined as: (a) deprivation from basic facilities (b) deprivation from behaving anyhow (c) deprivation from clean environment (d) inability to participate in basic societal decision.
37. Modernisation theory asserts that economic development requires;
 (a) Democracy (b) modern technology (c) a fairly advanced infrastructure (d) the abandonment of traditional attitudes

38. Which of these best describes the relationship between the LDCs and the industrialized in neo-colonization? (a) technologically dependent (b) economically dependent (c) politically independent (d) culturally dependent
39. The core of the high income OECD nations is comprised all EXCEPT countries of (a) western Europe (b) Japan (c) Middle East (d) Australia
40. Developing countries were exploited in all EXCEPT in (a) financial arrangement (b) trade arrangement (c) direct foreign investment (d) foreign aid
41. Which of the following is NOT a general economic characteristics of LDCs
 - (a) Rural/urban overcrowding leading growth of slums
 - (b) low productivity esp. in agric
 - (c) inadequate and crude communication, transportation, and other infrastructural facilities in the rural areas
 - (d) existence of near subsistence level
42. LDCs are characterized by all except (a) low expectation of life at birth (b) low fertility rates usually above 500 per 1,000 (c) high mortality rate (d) high population growth rate
43. Which of these is not true about LDCs? (a) 80% of income is spent on food (b) high average calorie intake per capita (c) low capital formation (d) high labor-intensive
44. Which of the following will certainly lead to an improvement in the development of a third world nation? (a) Absence of neo-colonization (b) increase in enrolment in schools (c) capital accumulation (d) none of the above
45. The reasons for government involvement in a market economy include, except
 - (a) To supplant the price mechanism for stabilization goal
 - (b) To establish preconditions for markets to function efficiently
 - (c) To correct market failures
 - (d) To improve social welfare and promote equity
46. One of the following is not a feature of a public good. (a) underproduction (b) zero private marginal cost (c) exclusion (d) free riding
47. An appropriate scope of government intervention is determined by the ____ of an economy.
 - (a) Policymakers
 - (b) structure
 - (c) demand-supply forces
 - (d) firms and households
48. The market will ____ goods that generate external costs and ____ those goods that yield external benefits. (a) optimally-produce and over-produce (b) optimally-produce and under-produce (c) over-produce and under-produce (d) under-produce and over-produce
49. Noise pollution from a birthday party in the neighborhood can be classified as (a) social cost (b) external cost (c) private cost (d) marginal cost
50. The role of government in an economy could be passive (a) true (b) false (c) uncertain (d) never
51. One of the following sources does not contribute directly to resource misallocations (a) public goods (b) externalities (c) market power (d) equity
52. The policy used by government to alter market structure or prevent abuse of market power by firm is: (a) price legislation (b) property right (c) antitrust (d) trademarks
53. Which of the following is the most important factor in driving globalization (a) trade agreements (b) trade liberalization (c) decline in communication cost (d) technological change
54. Which of the following is not a component of Economic globalization?
 - (a) Integration of values
 - (b) integration of markets
 - (c) integration of decision making
 - (d) integration of economies

55. Which of the following is not a basic aspect of globalization?
(a) Trade and transactions (b) transportation (c) migration (d) none of the above
56. One important way to access the advantage of globalization in developing countries is;
(a) Size of remittances (b) proportion of households with family members abroad (c) level of education of the migrants (d) ability to import foreign made finished goods
57. Which of the following is not a component of the KOF index as a measure of globalization?
(a) Social (b) political (c) cultural (d) none of the above
58. Which of the following markets is not necessarily liberalized for the effectiveness of globalization? (a) trade (b) labor (c) capital (d) none of the above
59. Which of the following is not necessarily promoted as a result of globalization?
(a) Efficiency (b) increased capital inflow (c) trade liberalization (d) none of the above
60. Which of the following will increase the benefits of globalization? (a) Political stability (b) government active involvement in the management of the economy (c) the concentration of the economy on a major production activity (d) all of the above.

DEPARTMENT OF ECONOMICS
SSC102: MAN AND HIS ECONOMIC ENVIRONMENT

Rain Semester Examinations 2012/2013 Session

TIME ALLOWED: 1 HOUR

1. Which of the following theorists gave a landmark definition of economics that forms the basis of modern economics?
(a) Lionel Robins (b) Adam Smith (c) Alfred Marshal (d) Francis Amasa walker
2. All of the following is the criticism of the wealth based definition except
(a) Materialism (b) Exemption of man's behavior (c) non-emphasis on human and social welfare (d) Production
3. After an empirical analysis, a researcher concluded that corruption is a great menace to Nigerian economy. This is a:
(a) Normative statement (b) scientific statement (c) economic statement (d) positive statement
4. Which of the following is one of the major criticism of welfare based definition of economics?
(a) Materialism (b) the absence of scarcity concept (c) welfarism (d) behaviorism
5. Objectivity and judgment statement are attributes of:
(a) Normative (b) scientific (c) positive (d) negative
6. An example of an economic good is: (a) air (b) rain (c) electricity (d) water
7. The fact that people with higher income get to consume more goods and services addresses the ___ question
(a) How (b) for whom (c) where (d) when
8. When the government chooses to use resources to build a dam, these resources are no longer available to build a highway. This illustrates the concept of: (a) Market mechanism (b) Trade by barter (c) Opportunity cost (d) Macroeconomics.
9. In a free market economy, (a) Government intervenes (b) Government plan production (c) Governments interfere (d) price adjust to reconcile scarcity and desires
10. Capitalism refers to (a) the use of markets (b) private ownership of capital goods in an economy (c) private ownership of homes and cars (d) all of the above

11. Because we face scarcity, every choice involves:
 - (a) Money
 - (b) Giving up something for nothing
 - (c) An opportunity cost
 - (d) all of the above
12. When cloth is bought instead of a book, the opportunity cost is;
 - (a) Money spent in the purchase of the cloth
 - (b) cloth purchased
 - (c) book purchased
 - (d) the price of book unpurchased
13. Macroeconomics could be traced to: (a) Fisher (b) Ricardo (c) .Smith (d) Keynes
14. Which of the following is not relevant to Macroeconomics?
 - (a) Unemployment level
 - (b) Firms Output
 - (c) Price Index
 - (d) National Income
15. The two writers who mainstream economics as a separate field in their works on "Theory of human action" are:
 - (a) Carl Manger & Mises
 - (b) Carl Menger & David Ricardo
 - (c) David Ricardo & Thomas Malthus
 - (d) David Ricardo & Mises
16. Neither the use of the term "political" in "political economy" nor the use of the term "nation" are to be taken as intended to confine the science to the wealth of nations. The subject-matter of political economy or economics has always been the wealth of human beings generally', this statement is adapted from the works of;
 - (a) Adam Smith
 - (b) Keynes
 - (c) Steuart
 - (d) Cannan
17. One of the following is chronologically correct:
 - (a) Scarcity, Choice, Scale of preference and Opportunity
 - (b) Scale of preference, choice, opportunity cost and scarcity
 - (c) Scarcity, scale of preference, choice and opportunity cost
 - (d) Scale of preference, scarcity, choice and opportunity cost
18. Which of the following nations directly shares boundary with Nigeria? (a) Ghana (b) Togo (c) Senegal (d) None of the above
19. The oil glut was experienced around (a) 1979 (b) 1981 (C) 1983 (D) 1985
20. "oil glut" is a term used to refer to crude oil's
 - (a) excess demand
 - (b) excess supply
 - (c) volatility
 - (d) b and c
21. Which of the following sectors in Nigeria appears to be currently the fastest growing in the world?
 - (a) Agriculture
 - (b) Building and Construction
 - (c) Communication
 - (d) Mining and quarrying
22. Which of the following sectors will be the most important if Nigeria wants to achieve substantial development?
 - (a) Agriculture
 - (b) Manufacturing
 - (c) Mining and quarrying
 - (d) Financial
23. Which of the following is a strategy of industrialization that was adopted in Nigeria shortly after independence
 - (a) Import substitution
 - (b) export promotion
 - (c) local sourcing of raw materials
 - (d) all of the above
24. Which of the following is not a reason for a decline in agricultural productivity in Nigeria?
 - (a) Proliferation of "Okada" business
 - (b) Oil boom
 - (c) Land tenure system
 - (d) none of the above
25. Which of the following is a key a problem of Industrialization in Nigeria?
 - (a) Infrastructure
 - (b) Foreign domination
 - (c) Importation of raw materials
 - (d) All of the above
26. The difference between Economic growth and Economic development is that the latter deals with:

- (a) Economic growth and structural change (b) economic growth and output change
 (c) Economic growth and GDP change (d) economic growth and income change
27. GDP per capita is: (a)GDP/labour force (b)GDP/population (c)GDP/unemployed
 (d)GDP/working population
28. Dividing income into rents, wages, salaries and profit is generally referred to as:
 (a) distributional income (b)real income (c)functional income (d)total income
29. Functional distribution is important in the national income because: (a)it shows the nature of
 national income (b)it shows the extent of income distribution in a country (c)it
 shows the income level (d)it shows the level of per capita income.
30. Which of this statement is most in economic reasoning? (a)economic performance depends on
 economic well-being (b)economic well-being depends on economic performance (c)there is no
 relationship between both (d)economic well-being can depend on economic performance and
 vice versa.
31. In economics, the amount used on the wear and tear of assets is known as: (a) Depreciation (b)
 capital consumption allowance (c) net capital used (d) Net national product.
32. In an open economy model, GDP is the sum of :(a)consumption, gross investment, government
 spending, and net exports (b)consumption, net investment, government spending, and net
 export (c)consumption, net investment, government spending, and gross export (d)wages ,rent,
 interest, profit and depreciation.
33. The two main measures of unemployment are: (a)dis-claimant count and labor force b)claimant
 and dis-claimant counts (c)claimant and labor force survey (d)none of the above options
34. Which of the following cannot cause poverty? (a)place of residence (b)tax changes
 (c)disparities in wages and earnings growth (d)none of the above
35. Lack of socially acceptable level of resources or income compared with others in a society is
 known as: (a)societal poverty (b)relative poverty (c)absolute poverty
 (d)biased poverty
36. Which of the following is not likely to be the cost of unemployment? (a)loss of income (b)a rise
 in the cost of commodities (c)reduction in government revenue (d)social depreciation
37. What is an employment? (a)unemployment exists when someone who is able and willing
 to work is unable to get paid job (b)unemployment exists when someone who is part of labor
 force, able to work is unable to get a paid job (c)unemployment exists when an able and willing
 member of labor force is unable to get a paid job
38. Which of the following is used to measure in developed countries? (a) market survey (b)job
 position survey (c)number of people attending job interview (d)labor force survey
39. Which of the following is not a demographic characteristics of a third world nation (a)illiteracy
 (b)rural overcrowding (c)poor nutrition (d)poor hygiene
40. Which of the following represents a general economic characteristic of a third world nation?
 (a) high mortality rate (b)prevalence of child labor (c)low savings (d)all of the
 above
41. Which of the following is a foreign influence in the underdevelopment of a poor nation? (a)
 Trade arrangement (b)rudimentary technology (c)shortage of man power (d)all of the above
42. Which of the following is a manifestation of a technological characteristic of
 underdevelopment? (a)25 students staying in F4 Angola Hall (b)a large concentration of
 students eating "fufu" without meat (c)president Jonathan flying to U.S to treat an ailment (d)all
 of the above
43. Which of the following is a manifestation of a cultural characteristic of underdevelopment? (a)a
 rural farmer making use of a hoe to make heaps for yam planting (b)A small boy hawking

- banana in geology car park of OAU (c)A middle aged woman eating comfortably across a filthy and slimy gutter in "Beere" in Ibadan. (d)All of the above
44. Which of the following will most surely lead to an improvement in the development of a third world nation? (a)Absence of neo-colonization (b)increase in enrolment in schools (c)capital accumulation (d) none of the above
 45. Which of the following gaps does not constrain development in the third world? (a)Savings (b)Resources (c)Education (d)None of the above
 46. Which of the following is not true for underdeveloped nations? (a)The richest 20% receives about 45% of the national income (b)the poorest20% receives about 5% of the national income (c)The poorest 20% are often workers for the richest 20% (d) None of the above
 47. In the Laissez faire system the government is regarded to be: (a)Dominant (b)Leading (c)Uncertain (d)Passive
 48. The external cost of production can be defined as: (a)Private cost less social cost(b)private cost plus social cost (c)social cost less private cost(d) social cost plus private cost
 49. Public goods are those cannot be consumed exclusively (a>true (b>false (c)uncertain (d) all of the above
 50. The local Government Councils in Nigeria cannot act as an economic agent (a) True (b)False (c)Uncertain (d)None
 51. The government can alter the distinction of income/wealth with all the following except (a)corporate profits (b) transfers (c) taxes (d) expenditure on utilities
 52. Government intervention to alter market structure or prevent abuse by firms is called (a) Antitrust (b) equitable (c) patency (d) trademark
 53. All of the following are the objectives of government participation in the economy except (a) economic stabilization (b) distribution of income (c) protection of resources (d) allocation of resources
 54. The following are components of globalization except: (a) infrastructure (b) trade and transaction (c) technology and knowledge dissemination (d) migration and human movement
 55. It is difficult to define globalization because the concept: (a) is economic in nature (b) is multidisciplinary (c) is based on political awareness of the people worldwide (d) assumes that the world is complex
 56. When a country fails to trade with other country, it is referred as; (a) anarchy (b) isolachy (c) autoky (d) autarky
 57. The following are disadvantages of globalization except; (a) widen the gap between the developed and less developed economies (b) exploitation of host countries by multinational companies (c) vulnerability of countries to crisis in another countries (d) grossly inefficient resource management
 58. A key problem associated with migration is; (a) brain drain (b) securing appropriate country of destination (c) poor remittances (d) hostility in the country of destination
 59. The full meaning of EPZ is (a) export promotion zone (b) export processing zone (c) export preparation zone (d) export permission zone
 60. Globalization encourages the development of the following except: (a) free trade zone (b) urban enterprise zone (c) environment development zone (d) industrial parks and industrial estate.

DEPARTMENT OF ECONOMICS
SSC102: MAN AND HIS ECONOMIC ENVIRONMENT

Mid Rain Semester Examinations 2012/2013 Session

TIME ALLOWED: 45 MINUTES

1. Who defined economics as the study of laws which governs wealth?
(a) Adam Smith (b) Alfred Marshall (c) Jean Baptiste Say (d) Francis Amasa Walker
2. Preferences can also be referred to as (a) choices (b) Scarcity (c) scale of preference (d) opportunity cost
3. All are features of economic science except (a) Theory (b) Hypothesis (c) predictions (d) positive economics
4. The study of economic units refer to:
(a) Macroeconomics (b) scope of economics (c) Micro economies (d) subject matter of economics
5. Welfare based definition of economics was propounded by
(a) Adam Smith (b) David Ricardo (c) Alfred Marshall (d) Francis Amassa Walker
6. The book "inquiry into the Principles of Political economy" was written by ___ in the year respectively
(a) Adam Smith, 1767 (b) Steuart, 1767 (c) Adam Smith, 1776 (d) Cannan, 1992
7. The word economics has its origin from Greek word 'oikonomia' meaning:
(a) The management of the household (b) the management of money (c) the management of resources
(d) Control of unlimited wants
8. The first set of writers in the field of economics were referred to as:
(a) Social and political philosophers (b) socio-political economists (c) development economists
(d) Micro economists

9. Economics is not a pure science because; (a) it cannot be reserved scientifically (b) it studies changing human behavior (c) it involves more into monetary activities (d) it cannot be supported with adequate data
10. To refine the subject matter of economics, how many editions of the original publication of Adam Smith was produced before his death in 1790? (a) 3 (b) 4 (c) 5 (d) 6
11. Economics is the study of (a) production technology (b) consumption decisions (c) how the society decides what, how and for whom to produce (d) the best way to run society
12. Which of these is not a resource in economic terms? (a) land (b) labour (c) buildings (d) money
13. The concept of choice would become irrelevant if (a) scarcity were eliminated (b) poverty were eliminated (c) all countries become developed (d) we are dealing with a simple, one-person economy
14. Economists point out that scarcity confronts; (a) the rich but not the poor (b) the poor but not the rich (c) both the poor and the rich (d) neither the poor nor the rich
15. When firms in an economy start producing more computers and fewer televisions, they are answering the question: (a) Where to produce (b) when to produce (c) what to produce (d) for whom to produce
16. The most dominant minority group in the south is (a) Benin/Ishan (b) Efik/Ibibio (c) Ijaw (d) Urhobo
17. The land size of Nigeria is around: (a) 924,773 sq.km (b) 974,773 sq.km (c) 923,773 sq.km (d) 993,223 sq.km
18. Which of the following sectors currently accounts for the largest percentage of earnings in Nigeria? (a) Agriculture (b) Building and Construction (c) Communication (d) Mining and quarrying
19. Which of the following was the engine of growth of the economy in the second decade of Nigeria's dependence? (a) Agriculture (b) Building and Construction (c) Communication (d) Mining and quarrying
20. Which of the following is most critical for the development of every other sector of the economy? (a) Agriculture (b) Manufacturing (c) Mining and quarrying (d) Financial
21. All these are example of biases in using GDP or GNP to measure economic well-being except: (a) Population growth (b) price changes (c) non-market activities (d) market activities
22. The best measure of economic well-being in any economy is: (a) GDP per capital (b) GDP (c) GNP (d) National income
23. Suppose the consumer price index (CPI) in 1989 is 124.0 and the CPI in 1990 is 130.7, the CPI expressed as a percentage is (a) 6.7% (b) 5.4% (c) 7.6% (d) 4.5%
24. If the difference between export (X) and import (M) i.e (X-M) of a country is negative. It implies that: (a) The country is a borrower (b) the country is a lender (c) the country is an exporter (d) the country is an importer
25. Building, machines and equipment are examples of (a) consumer durables (b) consumer goods

- (c) Investment goods (d) non-capital good
26. Which of the following is not true of employment?
 (a) Engaging people in economic activities (b) engaging those who are willing and able to work in economic activity
 (c) engaging factors of production in economic activities (d) everyone above age fifteen and below age sixty five
27. Which of the following best measure of labour participation rate?
 (a) (age 15-64 who are seeking job/total population of relevant age) x 100
 (b) (age 15-64 who are Not seeking job/total population of relevant age)x 100
 (c) (age 15-64 who are seeking job/total population) x 100
 (d) (age 15-64/total population) x 100
28. The unemployment that is most associated with changing from being a site engineer to being a financial analyst is:
 (a) Structural unemployment (b) cyclical unemployment (c) Frictional unemployment
 (d) hidden unemployment
29. Which of the following is regarded as the worst type of unemployment?
 (a) Structural unemployment (b) cyclical unemployment (c) Frictional unemployment
 (d) hidden unemployment
30. Which of the following is useful in reducing unemployment? (a) discouraging specialization
 (b) giving subsidies to firms
 (c) Reducing government expenditure (d) encouraging importation of goods and services
31. Which of the following is not generally classified as a third world continent?
 (a) South America (b) Africa (c) Asia (d) None of the above
32. Which of the following is a characteristic of a poor nation
 (a) High population (b) High population growth (c) High population dispersion (d) all of the above
33. The statement "people are poor because they are poor" will reflect what characteristic of underdevelopment?
 (a) General economic (b) Demographic (c) Cultural (d) Technological
34. Which of the following best describes Neo-Colonization
 (a) Political dependence (b) Economic dependence (c) social dependence (d) all of the above
35. Which of the following does not describe a current form of exploitation in underdeveloped nations?
 (a) Colonization (b) Trade arrangement (c) Foreign aid (d) None of the above
36. In Nigeria, education can be classified as a pure public good (a) True (b) False (c) Uncertain (d) none of the above
37. Social demand for goods can be measured as (a) Externalities less cost (b) market demand plus externalities
 (c) externalities less private cost (d) demand plus externalities
38. Government failures occur when intervention by government in the economy fails to improve or even worsens
 (a) Poverty (b) economic activities (c) standard of living (d) income shares among citizens
39. One main rationale for government involvement in the economy is (a) existence of externalities
 (b) provision of fuel subsidy (c) provision of aids to the market system (d) distribution of economic goods

40. All of the following are sources of market failure except (a) public goods (b) externalities
(c) equity (d) inequalities

DEPARTMENT OF ECONOMICS
SSC102: MAN AND HIS ECONOMIC ENVIRONMENT

Rain Semester Examinations 2011/2012 Session

TIME ALLOWED: 45 MINUTES

1. Who owns and controls the resources in the market economy? (a) The State (b) Private individuals (c) Households, firms, and the government (d) Firms and the government
2. Economic system where private ownership productive resources is not allowed is called? (a) Mixed system (b) Free market system (c) planned system (d) capitalism
3. The following are features of Capitalism except (a) Freedom of enterprise (b) Self-interest
(c) Consumer's sovereignty (d) low competition in markets
4. Compulsion and coercion are features of (a) Mixed economic system (b) Pure market system
(c) planned economic system (d) free market system
5. In a market system, Defense and security are controlled by (a) Private sector
(b) Public sector
(c) Private and public sector (d) individual organization
6. Which of the following is not true of poverty? (a) it is an exception complicated social phenomenon
(a) Discovering its cause is complicated (c) Tax changes can cause poverty (d) Discovering poverty is simple since a poor person can easily be recognized
7. Which of the following best describe poverty? (a) lacking a certain amount of material possessions or money
(b) lacking all essentials materials that enables survival (c) inability to possess luxuries (d) none of the option is correct
8. Which of the following is not likely to be the cost of unemployment? (a) loss of income
(b) reduction in government revenue (c) inflation (d) social deprivation
9. Which of the following is regarded as the worst type of unemployment? (a) structural unemployment (b) cyclical unemployment (c) frictional unemployment (d) hidden unemployment
10. Which of the following best measure unemployment rate? (a) $(\text{employed population}/\text{total unemployment}) \times 100$
(b) $(\text{unemployed population}/\text{total employment}) \times 100$ (c) $(\text{total unemployed}/\text{total unemployed}) \times 100$
(d) $\text{total unemployed}/\text{total unemployed}$

11. National income valued at current prices is known as (a) real national income (b) national output (c) nominal national income (d) net national income
12. All except one is the limitation of national income (a) it does not reflect the amount of leisure available to citizens (b) it is not a good yard stick in measuring the welfare of citizens (c) exclusion of non-market activities (d) problem of making provisions for capital allowance
13. Economic development surpasses economic growth because (a) the former involves increase in the GDP as the latter (b) the latter involves increase in the GDP as the former (c) the former involves increase in the GDP as the latter as well as structural changes (d) the latter involves increase in the GDP as the former as well as structural changes
14. Gross National product can be regarded as the Gross Domestic Product plus _____ (a) Money value of all final goods and services (b) per capital consumption (c) net product income from abroad (d) net property income from abroad
15. Capital consumption is equivalent to _____ (a) Appreciation (b) Devaluation (c) Depreciation (d) obsolete
16. The industrial strategy of manufacturing locally goods hitherto imported is called _____ (a) Privatization (b) import substitution (c) Export promotion (d) local sourcing of raw materials
17. The fastest growing sector in the Nigerian economy today is (a) agriculture (b) building and construction (c) transport and substitution
18. Which sector was the mainstay of the Nigeria economy during the first decade of independence? (a) Agriculture (b) communications (c) construction (d) manufacturing
19. Which sector of the economy contributes most to gross fixed capital formation in Nigeria? (a) Agriculture (b) transportation and communication (c) building and construction
20. Which of the following DOES NOT belong to the industrial sector? (a) processing (b) manufacturing (c) communication (d) crafts
21. The process of "thinking like an economists" involves a few key elements. Which of the following does not belong? (a) Economists consider opportunity costs (b) economists think in marginal terms (c) economist assumption to simplify matters (d) economists deals with only items which have prices
22. The study of economics is generally divided into two major sub-divisions: macroeconomics and microeconomics. Which statement is correct about the division? (a) Macroeconomics deals with unemployment, inflation, the budget deficit and trade deficit (b) Macroeconomics deals with prices (c) Macroeconomics deals only with individuals market (d) Microeconomics limited to the study of individuals choices while macroeconomics deals with group decisions
23. Joe can choose between working one more hour at a wage of ₦ 5, watching TV an hour, or studying for a hour. He chooses to work, but his second choice would have been to study. What is the opportunity cost of working for an hour (a) One hour of watching TV (b) ₦ 5 (c) not enough information to tell (d) one hour of studying
24. The concept of opportunity cost is based on the principle of _____

- (a) Scarcity (b) Individual (c) Wealth (d) Poverty
25. Which of the following is not a way we can use the study of microeconomics?
 (a) To evaluate the merits of specific public policies (b) to make personal or managerial decisions
 (c) to understand how market works (d) to understand the full impact of our trade deficit with Japan.
26. What do economists mean when they state that a good is scarce?
 (a) There is a shortage or insufficient supply of good at the existing price (b) it is impossible to expand the availability of the good (c) people will want to buy more of the good regardless of price (d) the amount of the good that people would like to have exceeds the supply that is freely available from nature.
27. Economics choice and competitive behavior are the result of _____ (a) basic human greed (b) poverty
 (c) private ownership of resources (d) scarcity
28. Crude oil is said to be scarce because (a) OPEC will not sell all that it can (b) Oil is so expensive that we cannot afford to buy much of it (c) at any moment, there are more users for oil than there is oil available for our use
 (d) both (b) and (c)
29. Which of the following is not a type of economic system? (a) communism (b) socialism
 (c) colonialism (d) free enterprise
30. Which of the following is not a type of human want? (a) biological wants (b) ecological wants (c) demonstration wants (d) cultural wants
31. These are the benefits of mixed economic system except
 (a) Concentration of wealth in few hands (b) efficient control of production process (c) improved quality of goods (d) consumer's choice is given full weight.
32. Examples of countries practicing socialism are (a) USA and Nigeria (b) France and Greece
 (c) Germany and France (d) (a) and (b)
33. Which of the following is true?
 (a) Scarcity of resources is a peculiar problem facing most countries of the world
 (b) Scarcity in economics means severe shortage of resources
 (c) Economic problems emanate from scarcity of resources
 (d) All of the above
34. Economics is different from other science subjects in the sense that
 (a) Inferences can be made from logical reasoning
 (b) In its study, econometric analysis can be carried out
 (c) It studies human behavior which is different to predict
 (d) None of above
35. If the income of Mr. Goodluck Obama has increased four times within the last four years, which of the following will be true
 (a) His real income has increased (b) he is better off (c) he is in the position to save more (d) none of the above
36. Which of the following is not a condition in a market economy?
 (a) Competition leads to least-cost method
 (b) Price mechanism allocate resources
 (c) Prices fully reflect scarcities
 (d) None of the above
37. In a planned economy, pattern of production is determined by (a) central allocation (b) consumer preference

- (c) the price mechanism (d) (a) and (b)
38. Which of the following is an essential feature of the market economy (a) consumer sovereignty (b) price control (c) government intervention (d) all of the above
39. An important function of the process system is to (a) ensure the producers' profit remains high (b) guarantee full employment of resources (c) allocate resources to most productive uses (d) protect the economic interest of the government
40. The supply of cocoa is influenced by (a) seasonal conditions (b) the efficacy of fertilizer used (c) the demand for beverages (d) the availability of close substitutes
41. Rapid economic development in Nigeria could be realized by (a) continuous dependence on oil (b) concentrating more on agriculture (c) developing the tourism industry (d) diversifying the economy
42. The primary reason for desiring economic growth is to (a) control inflation (b) reduce poverty (c) redistribute income (d) raise standard of living
43. An emerging agricultural export crop in Nigeria is (a) cassava (b) cotton (c) cocoa (d) soya bean
44. A policy aimed at enhancing globalization of Nigeria economy is (a) indigenization (b) deregulation (c) commercialization (d) privatization
45. The Malthusian theory was concerned about the relationship between (a) population growth rates of the rich and the poor nations population density and national income (c) population growth rate and national resources (d) age distribution
46. One of the following may not be fit to be classified as a public good in Nigeria (a) Education (b) Defence (c) electricity (d) health
47. As an economic agent government can influence the following except (a) price (b) output (c) endowment (d) varieties
48. Desire to maximize societal well-being by government stems from rationality principle (a) True (b) False (c) uncertain
49. One of the major reason for the government intervention in the economy is the existence of (a) Externalities public good (b) non-rivalry (c) market failure (d)
50. One of the following is chronologically correct (a) Scarcity, Choice, Scale of preference and Opportunity (b) Scale of preference, choice, opportunity cost and scarcity (c) Scarcity, scale of preference, choice and opportunity cost (d) Scale of preference, scarcity, choice and opportunity cost
51. Economics is not pure science because: (a) It cannot be researched scientifically (b) It studies changing human being (c) It involves more into monetary activities (d) It cannot be supported with adequate data
52. When production agents make the best use of the available resources, which of the following will occur? (a) Productive efficiency (b) allocative efficiency (c) economic efficiency (d) technical efficiency
53. Resources is scarce if (a) There is not much of it more than is available (b) it is not needed or wanted (c) the quantity people want is

- (d) there is more available than people want
54. Which of the following describes the basic economic problem? (a) relative scarcity
(b) unlimited wants and limited means (c) what, how and for whom to produce (d) all of the above
55. The main source of revenue to the Nigerian government is >>>> (a) exportation of petroleum products
(b) Importation of crude oil (c) sales of petroleum product (d) sales of crude oil
56. The overall aim of government acting as an economic agent is to (a) control the productive sectors
(b) enhance social welfare (c) checkmate the activities of power sector (d) become popular to win election
57. The best measure of economic well-being in any economy is (a) GDP per capita (b) GDP
(c) GNP (d) National income
58. Buildings, machines and equipment are examples of (a) consumer durables (b) consumer goods
(c) Capital goods (d) non-capital good
59. The sectors that contributes most of foreign exchange earnings in Nigeria is (a) Mining and quarrying (b) Manufacturing (c) transport and communication
(d) building and construction (e) Finance
60. Which classification best describes the Nigerian economy (a) Market economy (b) Developed economy (c) Neutralized economy (d) Developing economy

DEPARTMENT OF ECONOMICS
SSC102: ELEMENTS OF ECONOMIC THEORY AND PRINCIPLES

Rain Semester Examinations 2010/2011 Session
TIME ALLOWED: 1 hour 15 MINUTES

1. What is the opportunity cost of living in a house that you already own?
(a) Zero, because you already own it (b) the taxes you pay your local government
(c) the rent you could receive if you rented the house out to someone else (d) that depends on how much you like living there
2. Which of the following will not cause the production possibilities frontier (PPF) to shift?
(a) An improvement in the technology available for production (b) an increase in the employment rate
(c) an increase in the amount of capital available for production (d) all of the above will cause the PPF to shift
3. Which of the following is a normative statement?
(a) Inflation can only be reduced by increasing the level of unemployment
(b) An increase in the rate of inflation will lead inevitably to an increase in unemployment

- (c) Unemployment is more dangerous than inflation (d) all of the above
4. An economy is operating at a point inside its production possibility curve. Why is this described as inefficient?
- (a) Labour and capital are combined in the wrong proportions
 (b) More of one good can be produced without decreasing production of another
 (c) There are shortages of some goods and an excess supply of others. (d) all of the above
5. Which of the following statement about microeconomics and macroeconomics is not true?
- (a) Macroeconomics is concerned with economy-wide phenomena
 (b) Microeconomics is a building block for macroeconomics
 (c) Microeconomics and macroeconomics cannot be entirely separated
 (d) None of the above
6. Which of the following is the most important in arranging a scale of preference?
- (a) Needs (b) Means (c) Wants (d) All of the above
7. Which of the following will express the relationship between two economic variables?
- (a) Tables (b) mathematics (c) Econometrics (d) all of the above
8. Which of the following is not a flow variable?
- (a) The amount paid for the use of a commercial centre
 (b) The amount paid to a teacher based on the number of hours he teaches
 (c) The amount paid to a zoo keeper for an entry to the zoo (d) all of the above
9. The value of an independent variable is determined by the value of a dependent variable
- (a) True (b) False (c) Uncertain
10. Mr. Pariolodo's income increased from ₦100,000 in 2000 to ₦200,000 in 2012. During this same period, prices have increased twice. Which of the following will be correct?
- (a) His real income has doubled (b) his real income has remained the same (c) his real income has fallen
 (d) None of the above
11. Economics is different from other science subjects in the sense that
- (a) Inferences can be made from logical reasoning (b) in its study, econometric analysis can be carried out
 (c) it studies human behavior which is difficult to predict (d) all of the above
12. The strength of a socialist economy includes
- (a) The production of socially desirable goods (b) effective distribution of income
 (c) production takes place in line with social costs and social benefits (d) all of the above
13. Only in a pure command economy does not production
- (a) Respond to prices (b) respond to directives (c) reflect the preferences of firms
 (d) reflect the preferences of household
14. In a free enterprise economy, the price mechanism operates to determine
- i. The allocation of resources to different industries ii. The distribution of money incomes
 iii. The methods of production iv. The range of goods and services produced
- (a) i, ii and iii only (b) i, ii, iii and iv (c) i, iii and iv only (d) ii and iv only
15. which of the following is not held constant when a demand curve is drawn?
- (a) Households' real income (b) the price of the good itself (c) the price of competing goods
 (d) all of the above
16. When an increase in consumers' income leads to an increase in the quantity demanded of a good, the the good could be
- (a) A normal good (b) a necessity (c) a luxury good (d) all of the above

17. If coffee and tea are substitutes, which one of the following outcomes will be expected to occur if the price of coffee falls?
- (a) A fall in the demand for coffee (b) a rise in the price of tea
(c) a fall in the demand for drinking cups (d) a fall in the demand for tea
18. What is an inferior good?
- (a) A good of such poor quality that demand for it is weak
(b) a good of a lesser quality than a substitute good, so that the price of the substitute is higher
(c) a good for which demand will fall as household income rises beyond a point
(d) all of above
19. Which of the following will cause the demand curve for "egg buns" to shift to the left?
- i. A rise in the price of egg buns ii. A health campaign which claims that egg buns makes you fat
iii. a rise in the price of egg buns substitutes iv. a fall in consumers' income
- (a) i only (b) ii and iv only (c) i, ii and iv only (d) iii and iv only
20. A demand curve will slope downwards because of:
- (a) income effect (b) Substitution effect (c) Diminishing marginal utility (d) all of the above
21. Which of the following cannot cause a shift in a supply curve
- (a) a movement in the demand curve (b) a change in cost of production
(c) expectation of a future change in price (d) none of the above
22. A leftward shift of a product supply curve depends upon:
- (a) an improvement in the relevant technique of production (b) a decline in the prices of needed inputs
(c) an increase in consumers incomes (d) some firms leaving an industry
23. Two goods are competitive in supply if the increase in the price of one leads to the less of the other supplied.
- (a) True (b) False (c) Not certain
24. What would cause a movement along an industry's supply curve?
- (a) A change in the price of raw materials (b) a change in the price of a substitute good
(c) an improvement in technology (d) none of the above
25. The higher the price, the higher the quantity supplied
- (a) True (b) False (c) Not certain
26. Which of the following does not cause an increase in supply?
- (a) A decrease in the cost of materials (b) a reduction in factors prices
(c) an increase in the commodity's price (d) none of the above
27. During a certain period, 10 units of a normal good are sold at ₦20. During a later period, 12 units are sold at ₦22. What could explain this change?
- (a) A reduction in consumer's income (b) an increase in the cost or raw materials
(c) an increase in the price of a substitute good (d) an increase in the productivity of factors of production
28. A local firm has to pay a large wage increase and at the same time face increased competition from imported substitutes. What is the likely effect on the equilibrium price and equilibrium quantity of the firm's product?

- (a) Equilibrium price falls, equilibrium quantity falls. (b) equilibrium price remain constant, effect on equilibrium quantity is uncertain (c) the effect on equilibrium price is uncertain, equilibrium quantity falls (d) equilibrium prices rises, equilibrium quantity falls
29. which of the following statement is not correct?
 (a) If demand increases and supply decreases, equilibrium price will die
 (b) If supply increases and demand decreases, equilibrium price will fall
 (c) If supply declines and demand remains constant, equilibrium price will fall
 (d) None of the above
30. At the current price, there is a shortage of a product. We would expect price to:
 (a) Increase, quantity demanded to increase, and quantity supply to decrease
 (b) Increase, quantity demanded to decrease, and supply supplied to increase
 (c) Increase, quantity demanded to increase, and quantity supplied to increase
 (d) Decrease, quantity demanded to increase and quantity supplied to decrease
31. Suppose that both the equilibrium price and quantity of mustard rise. The most consistent explanation of these observations is
 (a) A decrease in demand for mustard with no change in supply
 (b) A decrease in the supply of mustard with no change in demand
 (c) A decrease in demand for mustard and a decrease in the supply of mustard
 (d) An increase in demand for mustard with no change in supply
32. Which of the following statements is not true when price is above the equilibrium price?
 (a) The pressure on the commodity is downward (b) There is shortage of the commodity
 (c) the quantity supplied exceeds the quantity demanded for the commodity (d) there is a surplus of the commodity
33. For a linear demand curve:
 (a) Elasticity is constant along the curve (b) demand is elastic at low prices
 (c) demand is inelastic at high prices (d) demand is elastic at high prices
34. If the supply of product X is perfectly elastic, an increase in the demand for it will increase:
 (a) Equilibrium quantity but reduce equilibrium price (b) equilibrium quantity but equilibrium price will be unchanged
 (c) equilibrium price but reduce equilibrium quantity (d) equilibrium price but equilibrium quantity will be unchanged
35. Which of the following income elasticity of demand will best describe the income elasticity of demand for a DSTV cable?
 (a) 0.77 (b) -0.77 (c) 2.45 (d) -2.45
36. The demand for a product will tend to be elastic when:
 (a) The product have a number of different users (b) the product is bought mainly by people on subsistence income
 (c) the product have very few close substitute (d) none of the above
37. Which of the following factors influence the elasticity of supply of a good?
 i. The time period over which changes in supply are measured ii. The marginal cost of producing the good iii. The range of alternative production opportunities available to suppliers
 (a) i and ii only (b) ii and iii only (c) i and iii only (d) i, ii and iii
38. price elasticity of demand is elastic when it is greater than zero
 (a) True (b) False (c) Not certain
39. Which of the following cannot be true when an individual is in equilibrium for the consumption of goods A and B?

- (a) The marginal utility for good A is less than the marginal utility for good B
 (b) The marginal utility for good A is equal to the marginal utility for good B
 (c) The marginal utility for good A is greater than the marginal utility for good B
 (d) None of the above
40. A consumer derives higher satisfaction from a higher indifference curve than a lower one because
 (a) Of the greater distance from the origin (b) the price is likely to be lower
 (c) more of both goods can be consumed (d) all of the above
41. Which of the following can not be true when a consumer is at equilibrium?
 (a) Marginal utility is falling (b) total utility is falling (c) total utility is rising
 (d) none of the above
42. A basic assumption of demand theory is that consumers allocated their income so as to maximize their
 (a) Present consumption (b) Savings (c) Total utility (d) Marginal utility
43. When a budget line rotates anticlockwise, the price of one of the goods has fallen
 (a) True (b) False (c) Not certain
44. Any point on the budget line assume that the income of the individual has been exhausted
 (a) True (b) False (c) Not certain
45. Which of the following is not true?
 (a) When the average product is falling, marginal product is also falling
 (b) When the average product is at maximum, marginal product is at its maximum
 (c) When the marginal product is rising, average product is also rising
 (d) When the marginal product is falling, average product could be falling or rising or at maximum
46. The law of diminishing return begins to operate when the:
 (a) Total product begins to fall
 (b) Marginal product begins to fall
 (c) Average product begins to fall
 (d) Marginal product equals average product
47. Suppose that all input are increased by 50% and as a result total output increase by 30%, this will be an illustration of:
 (a) The law of variable proportion (b) diminishing return (c) decreasing returns to scale
 (d) any of the above
48. When average product is rising, marginal product is also rising
 (a) True (b) False (c) Not certain
49. A firm has fixed cost of ₦2000, his average total cost is ₦10 and its average variable cost is ₦6. What is the firms output
 (a) 125 units (b) 200 units (c) 333.3 units (d) 500 units
50. If average cost is falling
 (a) Marginal cost must equal output (b) marginal cost must also be decreasing
 (c) marginal cost be lower than average cost (d) marginal cost be greater than average cost
51. All of the following are U-shape except
 (a) AVC curve (b) AFC curve (c) AC curve (d) MC curve
52. The gap between average total cost and average variable cost gets closer as output expands because of
 (a) Diminishing returns (b) complexity in production (c) diseconomies of scale
 (d) falling average fixed cost
53. Which of the following is a distinguishing characteristics of perfect competition?

- (a) Homogenous product (b) Free entry (c) large number of sellers (d) all of the above
54. When normal profit are made in a perfectly competitive market, the industry have stopped growing
(a) True (b) False (c) Not certain
55. The demand curve facing the monopolise is
(a) Relatively elastic (b) perfectly elastic (c) relatively inelastic (d) perfectly inelastic
56. One difference between a firm operating in a perfectly competitive market and one operating in a monopolistically competitive market is that for the latter only
(a) Some producers advertise (b) average revenue equals price (c) the number of producers is small (d) all firms produce an identical product
57. The profit seeking monopolist operate at a level of output where
(a) $P = MC$ (b) $MC = AC$ (c) $MR = MC$ (d) all of the above
58. If marginal revenue is ₦600 and Marginal cost is ₦400, the firm seeking to maximize profit should
(a) Increase output (b) decrease output (c) increase price (d) decrease price
59. To find out whether it should temporarily shut down its operation, the profit maximizing firm compares it
(a) Price to Average cost (b) average cost to average variable cost (c) Price to marginal cost (d) price to average variable cost
60. The marginal revenue of the monopolistic competitor is
(a) Greater than price (b) smaller than price (c) equal to price (d) indeterminate

HON. JOHN for NO. 1 APKESIDENT

DEPARTMENT OF ECONOMICS
SSC102: ELEMENTS OF ECONOMIC THEORY AND PRINCIPLES

Mid-Rain Semester Examinations 2010/2011 Session
TIME ALLOWED: 45 MINUTES

1. Which one of the following is true?
 - (a) Scarcity of resources is a peculiar problem facing most countries of the world
 - (b) Scarcity in economics means severe shortage of resources
 - (c) Economic problems emanate from scarcity of resources
 - (d) All of the above
2. An economy's production possibility curve (PPC) is downward sloping and convex to the origin. This type of PPC shows
 - (a) Increasing opportunity cost ratio
 - (b) Decreasing opportunity cost ratio
 - (c) constant opportunity cost ratio
 - (d) none of the above
3. Which of the following is a normative statement
 - (a) A market economy is a more desirable form of economic system than a command economy
 - (b) Command economies have a higher rate of economic growth than market economies
 - (c) A higher proportion of consumer goods is produced in a market economy than in a command economy
 - (d) The state decides what is produced in a command economy
4. Which of the following is not considered as assumption when drawing production possibility curve
 - (a) The economy is using all its resources
 - (b) the quantity and quality of factors of production are fixed
 - (c) the state of technology is subject to change
 - (d) none of the above
5. Which of the following is a micro economics statement?
 - (a) The real domestic output increased by 2.5% last year
 - (b) General price level decreased by 4% last year
 - (c) Unemployment was 9.8% of the labour force last year
 - (d) The price of wheat declined by 7.5% last year
6. Economics is different from other science subjects in the sense that
 - (a) Inferences can be made from logical reasoning
 - (b) In its study econometric analysis can be carried out
 - (c) It studies human behavior which is difficult to predict
 - (d) All of the above
7. A woman bought a car for N700,000 but would like a newer model costing N820,000. She could obtain N590,000 if she sold the car what is her opportunity cost of her owning her current car?
 - (a) N110,000
 - (b) N120,000
 - (c) N590,000
 - (d) N820,000
8. Which of the following is a stock variable?
 - (a) The income paid to a newspaper vendor depending on the number of newspaper sold
 - (b) The amount paid for a phone call made at a commercial centre
 - (c) The amount paid daily to a carpenter roofing a house
 - (d) All of the above
9. If the income of Mr. Goodluck Obama has increased four times within the last four years, which of the following will be true?
 - (a) His real income has increased
 - (b) he is better off
 - (c) he is in position to save more

- (d) none of the above
10. Savings is a flow variable. (a) True (b) False (c) Not certain
 11. A table (as a tool of economic analysis) can perform all the following roles except
 - (a) Description of the tread of events
 - (b) Explanation of the tread of events
 - (c) Possible forecast of future tread of events
 - (d) None of the above
 12. Which of the following is not a condition in a market economy?
 - (a) Competition leads to least-cost method
 - (b) price mechanism allocate resources
 - (c) prices fully reflect scarcities
 - (d) none of the above
 13. Which of the following is an essential characteristic of a market economy?
 - (a) Full employment
 - (b) Producer surplus
 - (c) consumer sovereignty
 - (d) all of the above
 14. Which of the following are weaknesses of a completely free enterprise economic system?
 - (a) It only inflects private costs and benefits
 - (b) it may lead to serious inequalities in the distribution of income and wealth
 - (c) it may lead to production inefficiencies and a wastage of resources
 - (d) all of the above
 15. In a planned economy, the pattern of production is determined by
 - (a) Central economy
 - (b) consumer preference
 - (c) price mechanism
 - (d) a and d
 16. If the demand for a good increases by 15% only as a result of a 10% increase in income, the good is
 - (a) Necessary
 - (b)luxurious
 - (c) Inferior
 - (d) the information given is not complete to determine the kind of good
 17. What is not held constant when calculating the income effect of a change in the price of good?
 - (a) The consumer's money income
 - (b) the consumer's real income
 - (c) The consumer's preferences
 - (d) the prices of other goods.
 18. The demand curve for a normal shifts to the left when:
 - (a) The price of the good itself rises
 - (b) the price of complements rise
 - (c) the prices of substitutes rises
 - (d) an indirect tax is imposed on the good
 19. A demand curve shows what happens to quantity demanded when only price changes
 - (a) True
 - (b) False
 - (c) Not certain
 20. If the quantity demanded of Indomie noodles has increased, the possibility is that:
 - (a) Income has decreased
 - (b) Taste has increased
 - (c) The price has fallen
 - (d) All of the above
 21. A change in the price of raw materials can cause a movement along an industry's supply curve
 - (a) True
 - (b) False
 - (c) Not certain
 22. Two goods are competitive in supply if the increase in the price of one leads to the less of other supplied.
 - (a) True
 - (b) False
 - (c) Not certain
 23. In constructing a supply schedule, it is assumed that only price changes
 - (a) True
 - (b) False
 - (c) Not certain
 24. Which of the following would cause a shift of the supply curve to the right?
 - (a) A decrease in value added tax
 - (b) a decrease in specific subsidies
 - (c) an increase in production costs
 - (d) an increase in the price of the goods
 25. Goods X and Y are in competitive supply. What is the likely effect on the supply and price of good X of a fall in demand for good Y.
 - (a) Rise in supply and price
 - (b) Fall in supply and price
 - (c) Rise in supply and fall in price

- (d) Fall in supply and rise in price
26. If market demand increases by 15% and market supply increases by 12%, equilibrium price will:
 (a) Rise (b) Fall (c) Remain constant (d) the effect is not certain
27. During a certain period, 5000 units are sold at 9 naira and during a later period, 4000 units are sold at 8 naira. The possible reason is:
 (a) Increase in income (b) decrease in productivity of factors of production
 (c) decrease in price and fall in quantity (d) increase in cost of raw materials
28. If Good X and Y are complements, the effect on the equilibrium price and quantity of X of a rise in the supply of Y is:
 (a) A fall in price and quantity (b) a fall in price and rise in quantity
 (c) a rise in price and fall in quantity (d) a rise in price in price and quantity
29. The market demand for a product is given by $80 - 10P$ while the supply is given by $-40 + 20P$. P denotes the price. The equilibrium price is
 (a) ₦ 2 (b) ₦ 4 (c) ₦ 10 (d) ₦ 20
30. Which of the following best describes a disequilibrium in the market?
 (a) Quantity demanded is not equal to quantity supplied (b) excess demand (c) excess supply
 (d) all of the above
31. If the demand for a normal good is linear, the price elasticity of demand for the good
 (a) Falls as price rises (b) falls as price falls (c) is equal to 1 (d) is equal to 0
32. If market price falls by 5% following a rise in supply and there is no change in quantity bought, the demand curve is
 (a) Relatively elastic (b) relatively inelastic (c) completely elastic (d) completely inelastic
33. Price elasticity of demand is elastic when it is greater than zero
 (a) True (b) False (c) Not certain
34. At a price of ₦ 10, the quantity supplied is 800. If the elasticity of supply is 1.5. what will be the quantity supplied if the price rises to ₦11? (a) 680 (b) 720 (c) 840 (d) 920
35. Price elasticity of supply will be smaller
 (a) The longer the time period under consideration (b) the larger the amount of stocks held by firms
 (c) the more immobile the factors of production used (d) the shorter the time period required to train the labour used
36. The prices of good A and B are ₦20 and ₦30 respectively. The marginal utility of A is 10. If the individual is in equilibrium, what is the marginal utility derived from B? (a) 3 (b) 5 (c) 10 (d) 15
37. The law of diminishing marginal utility states that the more a consumer has of a given commodity, the
 (a) Lower the total level of satisfaction enjoyed (b) lower the usefulness of each extra unit consumed
 (c) lower the satisfaction from each extra unit consumed (d) all of the above
38. A consumer is faced with the choice of buying good A and B. when he is in equilibrium, the marginal utility of A is greater than the marginal utility of B
 (a) True (b) False (c) Not certain
39. When a budget line rotates counter clockwise, it means that there is:
 (a) A fall in price of one of the goods (b) a rise in price of one of the goods

(c) a rise in income
good

(d) a fall in price of one good and a rise in price of other

- 40 Given the bundles of goods A, B and C for a particular consumer. If A is preferred to B, B is preferred to C and C is preferred to A, the consumer's choice can be said to be
- (a) Inconsistent (b) intransitive (c) irrational (d) all of the above

HON. JOHN for NUASA PRESIDENT

OBAFEMI AWOLowo UNIVERSITY, ILE - IFE

DEPARTMENT OF ECONOMICS

2009/2010 rain semester examinations

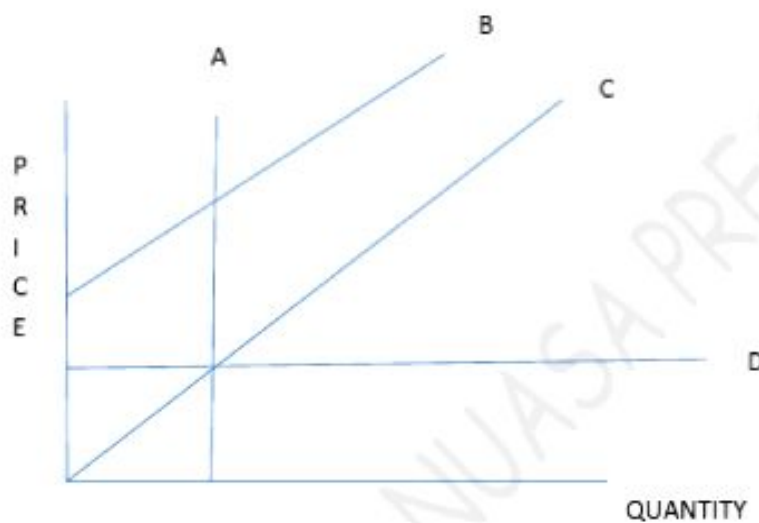
SSC102: Elements of Economic Theory and Principles

Instruction: Answer all questions.



Time Allowed: 1 hour, 15 minutes.

- 1) What is the advantage of using the market mechanism to allocate resources between alternative uses?
 - A) It ensures that resources will be allocated effectively
 - B) It ensures that resources are allocated in accordance with need.
 - C) It minimizes the time required to make decisions.
 - D) It gives all consumers an equal voice in deciding how resources should be allocated.
- 2) Which of the supply curves shown in the diagram has unitary price elasticity?



- 3) What is not held constant when calculating the income effects of a change in the price of a good?
 - a) the consumer's money income
 - b) the consumer's real income
 - c) the consumer's preferences
 - d) the prices of other goods.
- 4) To increase its labour force from 50 to 51 workers, a firm has to increase the daily wage from N600 to N610. What is the marginal costs of labour per day?
 - a) N10
 - b) N510
 - c) N610
 - d) N1110.
- 5) Assume that the price elasticity of demand for motorcycles, telephones calls, and lights bulbs are 1.6, 1.0, 0.3 and 0.0 respectively. if the price of each item increased by 1% for which of these items would the total expenditure increase?
 - a) an economy is operating at a point inside its production possibility curve. Why is this described as inefficient?
 - a) labour and capital are combined in the wrong proportions.
 - b) more of one good can be produced without decreasing production of another.

c) There are shortages of some goods and excess supply of another

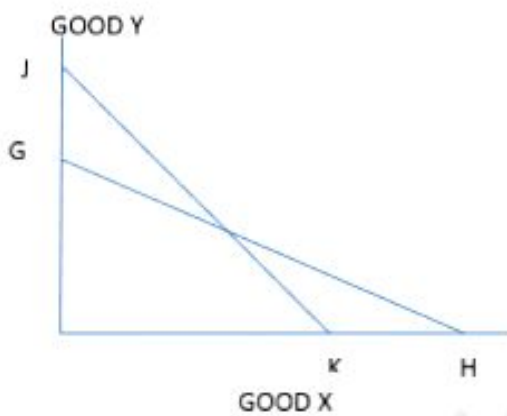
J76d) All of the above.

7) The schedule shows the short run marginal costs of producing good X.

Units of X	1	2	3	4	5	6
Marginal Cost(N)	40	30	26	34	50	90

Given that the total fixed cost is N30, what is the level of output that minimizes average total cost? A) 4 units b) 5 units c) 2 units d) 3 units.

8) In the diagram below, a consumer's budget line shifts from JK to GH



Which of the following must be correct?

- a) There has been a change in the consumer's money income.
- b) The price of good Y has risen and the price of good X has fallen
- c) The price of good y has fallen and the price of good X has risen.
- d) None of the above.

9) When will a firm in a perfectly competitive industry cease to produce in the short run?

- a) if it earns less than normal profit.
- b) if total revenue is less than the total cost of production.
- c) if marginal revenue is less than the average total costs of production.

d) If total revenue is less than the total variable cost of production.

10) Which of the following best describes the shape of the average fixed cost curve?

- a) it first declines at an increasing rate and later declines at a decreasing rate.
- b) it first declines at a decreasing rate and later declines at an increasing rate.
- c) it declines continuously at the same rate.

11) What might cause a leftward shift of the production possibility curve a) technological progress

b) Unemployment of resources c) depletion of resources d) b and c

12) A household makes the following purchases of fruit.

FRUIT	QUANTITY PURCHASED(KG)	PRICE PER KG(naira)
Bananas	5	1.00
Apples	10	0.5

The household derives as much utility from the 5th kg of bananas from the 10th kg of apples. What should the household do to maximize utility from the purchase of these fruits?

	Purchase of Bananas	Purchases of apples
A	Increases	Decrease
B	Decreases	Increases
C	Increases	Increases
D	No change	No change

13) If goods X and Y are complement

, What will be the effect on the equilibrium price and the quantity of good X respectively of an increase in the supply of good Y?

- a) Both decrease
- b) decrease and increase
- c) increase and decrease
- d) both increase

14) A fall in the price of cameras causes the demand for film to rise by 20%. The cross elasticity of demand between cameras and the film is -2. It means that the price of cameras have fallen from:

- A) N600 to N500
- b) N550 to N450
- c) N500 to N450
- d) N500 to N400

15) Given that a particular firm's marginal cost is zero at each level of output. It follows that:

- a) Average fixed cost equals average variable costs.
- b) Average total cost equals average fixed cost.
- c) Average total cost equals average variable costs.
- d) Average total cost is constant at each level of output.

16) Consider the bundles of goods A, B and C for a particular consumer. If A is preferred to B, B is preferred to C and C is preferred to A, What is the description of the consumer's choice? A) Inconsistent
b) intransitive c) irrational d) All of the above.

17) Given the total product, marginal product and average product. As the input of the variable factor increases, which of the three will be the second to decrease? a) Total product b) marginal product
c) average product d) marginal and average products.

18) Which of the following describes an individual's consumption beyond the point where satisfaction is maximized? A) Inconsistent B) indifferent C) irrational D) intransitive

19) As long as $MC=MR$, profit will be maximized for a perfectly competitive firm.

A) True B) False C) Uncertain

20) Which of the following best describes the total revenue curve of a monopolist?

A) Falling B) constant C) first rise, then fall D) increasing at a decreasing rate

21) A free good does not involve an opportunity cost because:

A) no sacrifice is made in its consumption B) no resource is required for its production

C) no cost is involved in its consumption D) all of the above

22) Which of the following is not a flow variable?

A) The rent paid at a hostel B) the money paid to a zoo keeper for every entry into a zoo.

23) The amount paid for a phone call made at a commercial Centre D) none of the above

24) An increase in income will increase the quantity demanded of a product

A) True B) false C) uncertain

25) The vertical distance between average total cost and average variable cost measures:

A) marginal cost B) total fixed cost C) average fixed cost D) economic profit per unit

26) When the mc curve lies

A) above the ATC curve, ATC rises B) above the ATC curve, ATC falls

C) below the ATC curve, ATC rises D) none of the above

27) Spending by an individual is informed by the receipt of income. Therefore income can be referred to.

A) endogenous B) explanatory variable C) dependent variable D) fixed variable

28) Which of the following will be considered a disadvantage of allocating resources using a market system? A) income will tend to be unevenly distributed B) significant unemployment may occur

C) It cannot prevent the wastage of scarce economic resources D) all of the above

29) Which of the following statements about microeconomics and macroeconomics is not true?

A) Macroeconomics is concerned with economy-wide phenomena B) Microeconomics is a building block for macroeconomics C) Microeconomics and macroeconomics cannot be entirely separated D) None of the above

30) At what point will the firm be maximizing the level of revenue they receive?

A) Where marginal revenue equals zero B) Where average revenue equals zero

C) where marginal cost equals marginal revenue D) where the slope of the total revenue curve is zero

31) Which is the most satisfactory definition of opportunity cost?

A) the sacrifice of any alternative choice B) the loss suffered by missing a bargain

C) the sacrifice of the next most desired alternative D) all of the above

32) When a monopolist produce an additional unit, the marginal revenue generated by that unit must be:

A) below the price because the price effect outweighs the output effect

B) above the price because the output effect outweighs the price effect

C) above the price because the price effect outweighs the output effect

D) below the price because the output effect outweighs the price effect

33) Which of the following will cause a rightward shift of the demand curve?

A) An increase in the price of a close substitute B) An increase in the price of a complementary good

C) A fall in the price of the commodity D) Producer of the commodity receive a subsidy

34) Which of the following is most likely to cause a movement in a demand curve?

A) An increase in consumers' income B) An increase in the price of a substitute

C) A fall in supply D) none of the above

35) The following are characteristics of perfect competition except:

A) The output of any single firm is a negligibly small part of the total output of the industry

B) The product of each firm is a perfect substitute for the product of other firms in the industry

C) There are no barriers to the entry of new firms in the industry

D) All the firms in the industry agree to charge the same price.

36) A woman bought a car for ₦700,000 but would like a newer model costing ₦820,000. She could obtain ₦590,000 if she sold her car. What is the opportunity cost of her owning her current car?

A) ₦110,000 B) ₦120,000 C) ₦590,000 D) ₦820,000

37) Which of the following is not held constant when a demand curve is drawn?

A) households' real income B) the price of the goods itself C) the price of competing goods D) the price of complementary goods

38) A basic assumption of consumer behavior is that consumers maximize their?

A) present consumption B) savings C) total utility D) marginal utility

39) Goods X and Y are in competitive supply. What is the likely effect of a decrease in demand for Y?

A) an increase in the supply and price of X B) A decrease in the supply and price of X

C) an increase in the supply and a decrease in the price of X

D) a decrease in supply and an increase in the price of X.

40) Which of the following would cause a shift of the supply curve to the right?

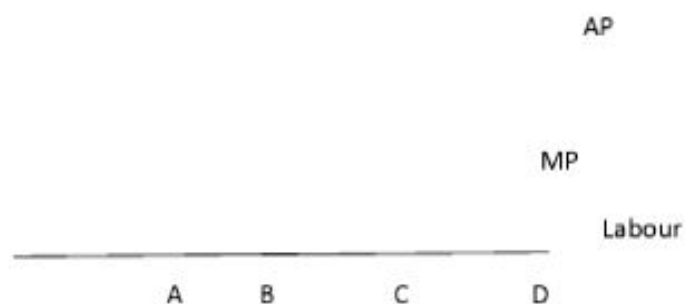
A) a decrease in value added tax B) a decrease in specific subsidies

C) an increase in production costs D) an increase in the price of the product

41) A the price of ₦10, the quantity supplied is 800. If the elasticity of supply is 1.5, what will be the quantity supplied if the price rises to ₦?

42) in the diagram below, MP shows the marginal product of labour and AP shows the average product of labour, at each level of output. Where does the law of diminishing returns begin to operate?





43) Between 2000 and 2010, Mr kaka's income increase from N40, 000 to ₦180, 000 monthly. Within the same period, prices have doubled thrice. Is real income has

A) Fallen B) risen C) remained constant D) none of the above.

44) Which of the following best describes the shape of the total cost curve?

- A) Initially increasing at an increasing rate, then increasing at a decreasing rate
- B) Initially increasing at a decreasing rate, then increasing at an increasing rate
- C) Initially decreasing at an increasing rate, then decreasing at a decreasing rate
- D) Increasing at a constant rate

45) Which of the following changes will cause the demand curve for chocolate to shift to the left?

- i) a rise in the price of the chocolate ii) a health campaign which claims that chocolate makes you fat
- iii) a rise in the price of chocolates substitutes iv) a fall in consumers income

A) I only B) ii and iii only C) ii and IV only D) none of the above

46) Which of the following could cause a movement along a supply curve for a product.

- A) a change in the price of a substitute to that product B) an increase in the tax for the product
- C) a change in the price of raw materials D) none of the above

47) Which of the following will cause a shift in the supply curve of computers to the right?

- A) a fall in the price of computers B) a rise in income C) a subsidy given to computer producers
- D) all of the above

48) Savings is a flow variable A) True B) False C) Not certain

49) Ukachukwu spends ₦1, 000 to purchase units of good. As a result of a price increase, he spends ₦900 to purchase units of the same good. It is likely that the demand for the good is:

A) elastic B) inelastic C) Uncertain

50) Inelastic price will eliminate excess demand in the market

- A) True B) False C) Uncertain

51) If a change in income leads to a greater change in consumption of a good, it could be a luxury good

- A) True B) False C) Uncertain

52) In constructing a supply schedule, it is assumed that the only price changes

- A) True B) False C) Uncertain

53) A movement along the same indifference curve can be caused by a change in

- A) Income B) Price C) Taste D) none of the above

54) Which of the following tools of economic analysis gives empirical content to economic theory?

- A) Graphs B) Tables C) Mathematics D) Economics

55) Which of the following clearly describes a 'market clearing' situation?

- A) Quantity demanded is equal to quantity supplied B) There is no excess demand
C) There is no excess supply D) all of the above

56) If a market supply increases by 10% and market demand by 8%, equilibrium price will:

- A) Rise B) fall C) remain constant D) We can't really tell

57) The income consumption curve shows the locus of equilibrium consumption points when only income is changing

- A) True B) False C) Uncertain

58) The CEO of a company is planning to increase the revenue of its product by embarking on sales promotion. For her plan to succeed, the price elasticity of demand for the product must be:

- A) Less than one B) greater than one C) equal to one D) none of the above

59) Production in a socialist economy responds to:

- A) Prices B) directives C) preferences of firms D) preferences of households

60) During a certain period, 5000 units are sold at ₦9 and during a later period, 4000 units are sold at ₦8. Which of these could explain the change?



- A) an increase in consumers' incomes B) a decrease in the productivity of factors of production
 C) a decrease in the price of a substitute product D) an increase in the cost materials

DEPARTMENT OF ECONOMICS
SSC102: ELEMENTS OF ECONOMIC THEORY AND PRINCIPLES

Mid-Rain Semester Examination 2009/2010 Session

TIME ALLOWED: 45 MINUTES

1. Which of the following is not a flow variable?
 - (a) The income paid monthly to a civil servant
 - (b) The income paid monthly to a sales boy based on the number of products sold
 - (c) The income paid daily to a bricklayer working on a construction site
 - (d) None of the above
2. Which of the following will not define relationship between two variable when expressed?
 - (a) Table (b) Graph (c) Mathematics (d) none of the above
3. Which of the following makes Economics relevant as a subject
 - (a) Opportunity cost (b) Choice (c) scarcity (d) all of the above
4. The focus of Economic on human behavior does not make it a Science
 - (a) True (b) False (c) Not certain
5. The amount of "Indomie Sachets in Moremi Hall measured at the end of each month is a
 - (a) Flow variable (b) Stock variable (c) independent variable
 - (d) Real variable
6. Which of the following does not explain why a production possibility curve is bowed outwards?
 - (a) Diversion of resources from productive to unproductive uses.
 - (b) Diminishing returns
 - (c) Diseconomies of scale
 - (d) None of the above
7. Mr. Ogorimangongo's income increased from N 50,000 in 1990 to N 200,000 in 2000. During the same period, prices have increased 8 times, which of the following is correct?
 - (a) An real income has fallen by half (b) his real income has remained the same
 - (c) the effect on the real income is uncertain (d) his real income has multiplied 2 times
8. Which of the following could result in an increased demand by private motorist for petrol?
 - (a) An increase in the price of second-hand cars (b) a decrease in road toll charges

(c) a reduction in the number of social engagements. (d) a reduction in bus fares.

9. Which of the following could result in an increased demand by private motorists for petrol?

	Number of close substitutes	Percentage of income spent on product
A	Large	Large
B	Large	Small
C	Small	Large
D	Small	Small

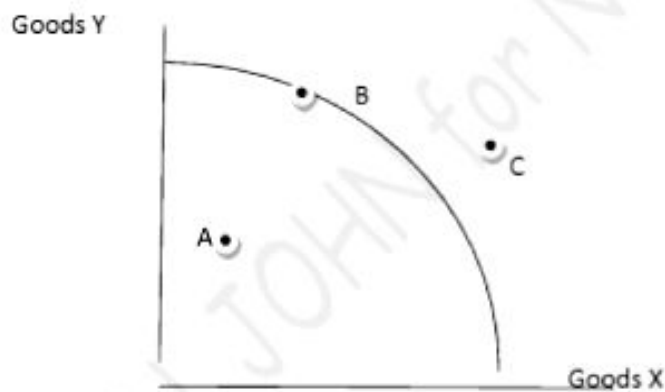
10. The demand for salt is likely to be:

(a) Elastic (b) Inelastic (c) Perfectly elastic (d) Perfectly inelastic

11. An increase in income will increase the demand for a product

(a) True (b) False (c) Not certain

Use this diagram to answer questions 12 and 13



12. Point 'A' inside the production possibility curve indicates

(a) That existing resources can produce a higher level of output (b) inefficiency
(c) Unemployed resources (d) all of the above

13. Point 'C' is attainable when

(a) Unemployed resources are called back to work (b) there is technological advancement

(c) There is an increase in the opportunity cost of a good (d) all of the above

Use the following information to answer questions 14 and 15

As a consequence of a widespread advertising campaign by firms in the industry and an increase in wages to workers in the industry, the price and quantity consumed of a particular product changes.

14. The causes have been
 - (a) A movement along the demand curve and a shift in the supply curve
 - (b) A shift in demand curve and a shift in the supply curve
 - (c) A movement along the demand curve and a movement along the supply curve
 - (d) A shift in demand curve and a movement along the supply curve
15. The effects of these changes will be:
 - (a) An increase in price and quantity consumed
 - (b) An increase in price and a fall in the quantity consumed
 - (c) Either a rise or fall in price, depending on supply and demand conditions, and an increase in the quantity consumed
 - (d) An increase in price and either a rise or fall in quantity consumed, depending on supply and demand conditions
16. If the quantity demanded of Indomie has increased, the possibility is that:
 - (a) The price of Indomie has fallen
 - (b) the taste of individual has changed
 - (c) The income of the individual
 - (d) all of the above
17. The price of a good rises from ₦ 20 to ₦ 25, and the demand increased from 500 to 800. Assuming there is no substitute for the good lower than ₦ 25, the best description of the good is;
 - (a) Normal
 - (b) inferior
 - (c) Veblen
 - (d) Giffen
18. When the value of an independent variable increases, the value of the dependent variable;
 - (a) Also increases when there is a positive relationship
 - (b) Also increases when there is a negative relationship
 - (c) Decreases when there is a positive relationship
 - (d) Decreases when there is no relationship between the two variables
19. Assuming that Milk and Sugar are complements, as the price of milk increases, what would reasonably be expected to happen to the equilibrium price and equilibrium quantity of sugar?
 - (a) Price decreases, quantity decreases
 - (b) price increases, quantity increases
 - (c) Price decreases, quantity increases
 - (d) price increases, quantity decreases
20. Which of the following statements is true?
 - (a) With a large enough computer, central planners could guide production more efficiently than markets
 - (b) Markets participants act as if guided by an invisible hand to produce outcomes that maximize social welfare
 - (c) The strength of a market system is that it tends to distribute resources evenly across consumers
 - (d) Taxes help prices communicate costs and benefits to producers and consumers
21. The ability of consumers to express their preferences through their demand for goods and services is known as
 - (a) Consumer liberty
 - (b) Consumer sovereignty
 - (c) Consumer priority
 - (d) all of the above
22. Which of the following statements would you consider to be a normative one?
 - (a) Faster economic growth should result if an economy has a higher level of investment
 - (b) Changing the level of interest rate is a better way of managing the economy than using taxation and government expenditure
 - (c) The average levels of growth in the economy was faster in the 1990s than the 1980s

- (d) All of the above
23. Which of the following might be considered to be a characteristic of a planned economy
- All income is completely evenly distributed
 - Price is relatively unimportant as a means of allocating resources
 - Goods and services produced reflects consumer sovereignty
 - There is no incentive for people to work hard
24. When the budget line moves anticlockwise, it means:
- The price of one of the goods has fallen
 - the price of one goods has risen
 - Income has risen
 - income has fallen
25. If the income elasticity of demand for a good is 2.41, which of the following is likely not to be correct
- The price elasticity of demand is 1.87
 - the proportion of the income spent on the good is high
 - The time to adjust to a change in price will be very small
 - none of the above
26. Assuming that Robison is willing to pay N 200 for a plate of rice and N 320 for two, the marginal utility of the 2nd plate is;
- Indeterminate
 - N160
 - N120
 - 60
27. If the demand for a good is unit elastic, which of the following is true for a rise in the price of the good?
- The consumer will spend more money on the good
 - the consumer will spend less money on the good
 - The consumer will spend equal money on good
 - none of the above
28. Which of the following can be true when an individual is in equilibrium for the consumption of goods A and b
- Marginal utility for A is less than the marginal utility for B
 - Marginal utility for A is equal to the marginal utility of B
 - Marginal utility for A is more than the marginal utility for B
 - All of the above
29. Which of the following cannot be true when an individual is in equilibrium?
- Marginal utility is falling
 - Total utility is falling
 - Marginal utility of good A is greater than marginal utility of good B
 - Total utility is rising
30. Supply curve shows what happens to quantity supplied when only price change
- True
 - False
 - Not certain
31. The higher the price, the higher the quantity supplied
- True
 - False
 - Not certain
32. If market supply and market demand increases together, which of the following is certain to be true?
- Price remains constant
 - price increases
 - price decreases
 - none of the above
33. Which of the following would normally cause a rightward shift in the demand curve for a product
- A fall in the price of a substitute good
 - a reduction in direct taxation on income
 - a reduction in the price of the product
 - an increase in the price of a complementary product
34. It was proposed that car owners should pay a charge to drive across some part of victoria island in Lagos Fares on public transport would also be reduced. It was hoped that more use would be

made of public transport and that congestion would reduce. What price elasticities of demand would be necessary for this policy to succeed?

	Price elasticity of demand for travel by car	Price elasticity of demand for travel by public transport
A	Elastic	Elastic
B	Elastic	Inelastic
C	Inelastic	Elastic
D	Inelastic	Inelastic

35. A local firm has to pay a large wage increase and at the same time face increased competition from imported substitutes. What is the likely effect equilibrium price and equilibrium quantity of the firm's product?
- Equilibrium price falls
 - Equilibrium price remains constant, effect on equilibrium quantity is uncertain
 - The effect on equilibrium price is uncertain, equilibrium quantity falls
 - Equilibrium price rises, equilibrium quantity rises.
36. During a certain period, 10 units of a normal good are sold at N 20. During a later period, 12 units are sold at N 22. What could explain this change?
- A reduction in consumer's incomes
 - an increase in the cost of raw materials
 - an increase in the price of a substitutes good
 - an increase in the productivity of factors of production
37. For price to act as a rationing mechanism, the effect of a rising price must be to
- Attract new firms into the market
 - generate additional profits for producer
 - reduce the quantity demanded by some new individuals
 - signal the need for re-allocation of resources
38. given a rate of interest of 10% per year, what is the opportunity cost to an individual for saving an additional N100 in year1?
- An increase in consumption of N110 in year 2
 - an increase in consumption of N0 in year 2
 - consumption of N100 in year 1
 - consumption of N110 in year 1
39. A movement along the supply curve may be caused by
- A change in technology
 - a change in the number of producers
 - a shift in demand
 - none of the above
40. Income elasticity is +2 and income increases by 20%. Sales were 500 units, what will they be now?
- 3000
 - 7000
 - 5500
 - 4500

DEPARTMENT OF ECONOMICS
SSC102: ELEMENTS OF ECONOMIC THEORY AND PRINCIPLES

Rain Semester Examinations 2008/2009 Session
TIME ALLOWED: 1 hour 15 MINUTES

1. The English word for the term "ceteris paribus" is:
(a) Everything being equal (b) all things being equal (c) other things being equal
(d) any of the above
2. Which of the following does not make Economics a science
(a) The focus on human behavior (b) the use of scientific principles and methods
(c) The tools in analysis (d) none of the above
3. Which of the following best describes opportunity cost
(a) Sacrifice made in any other alternatives
(b) Sacrifice made in the next best alternatives
(c) Sacrifice made in the important alternative
(d) Any of the above
4. Which of the following is not true about a normative statement
(a) It is subjective (b) it always contains words like "should" or "should not"
(c) it cannot be subjected to facts (d) none of the above
5. Why does not the production possibility curve slope downward
(a) Goods produced are subject to decreasing returns to scale
(b) Goods produced are subject to increasing returns to scale
(c) Resources are shared equally between the two goods produced
(d) Total resources available to the economy are limited
6. "Value Judgment" in Economics is:
(a) A normative statement (b) an action based on precise decisions
(c) an opinion of what is good or bad (d) all of the above
7. Savings is a flow variable
(a) True (b) False (c) Not certain
8. If Mr Tega's income triples within the space of one month, he is better off
(a) True (b) False (c) Not certain
9. Which of the following gives empirical content to economic theory?
(a) Microeconomics (b) Macroeconomics (c) Mathematics (d) Econometrics
10. Which of the following is not a flow variable
(a) The income paid daily to a bricklayer at a construction site
(b) The income paid to a SSC 102 lecturer at the end of the month
(c) The income paid an insurance company staff based on number of clients attracted
(d) None of the above
11. Equality of income is more likely to be present in which of the following economic system?
(a) Capitalist (b) Socialist (c) Mixed (d) None of the above
12. Excess demand is more likely feature of which of the following economic system?
(a) Capitalist (b) Socialist (c) Mixed (d) None of the above
13. A demand curve will slope downward because
(a) Income effect (b) Substitution effect (c) diminishing marginal utility (d) all of the above
14. If a change in income leads to a greater change in the consumption of good, it is a luxury good
(a) True (b) False (c) Not certain
15. Given that apples and pear are substitutes, if the price of apples fall, the price of pear is likely to

- (a) Fall (b) Rise (c) Remain the same (d) Fluctuate
16. A demand curve shows what happens to quantity demanded when only price change
 (a) True (b) False (c) Not certain
17. Which of the following will normally cause a rightward shift in the demand curve for a product?
 (a) A fall in price of a substitute good (b) a reduction in direct taxation on income
 (c) A reduction in the price of the product (d) an increase in price of a complementary product
18. The decision by a consumer to buy larger quantities of rice can be caused by the following except
 (a) Rising income (b) increase in the price of indomie noodles (c) expectation of a future fall in price of rice
 (e) a favorable change in taste towards rice
19. A change in price of raw materials can cause a movement along an industry's supply curve
 (a) True (b) False (c) Not certain
20. Which of the following will cause a shift in the supply curve of wheat to the right?
 (a) A rise in incomes (b) a subsidy given to wheat producers
 (c) a fall in price of wheat (d) a rise in the price of barley
21. If the increase in the price of A leads to more of B supplied, A and B are:
 (a) Competitive in supply (b) joint in supply (c) independent in supply
 (d) rational in supply
22. The higher the price, the higher the quantity supplied
 (a) True (b) False (c) Not certain
23. Which of the following best describes a "market clearing" situation?
 (a) Quantity demanded is equal to quantity supplied (b) there is no excess demand
 (c) there is no excess supply (d) all of the above
24. If market supply and market demand increases together, which of the following is certain to be true?
 (a) Price remains constant (b) price increases (c) price decreases (d) none of above
25. Reducing price eliminate excess supply in the market
 (a) True (b) False (c) Not certain
26. Assume that tea and coffee are close substitutes. What will happen to the equilibrium price and quantity of tea if there is a failure in the coffee harvest of a major coffee producer?

	Equilibrium Price	Equilibrium quantity
A	Rise	Fall
B	Fall	Fall
C	Rise	Rise
D	Fall	Rise

27. Goods X and Y are compliments. What will be effect on the equilibrium price and quantity of good X of an increase in the supply of good Y.

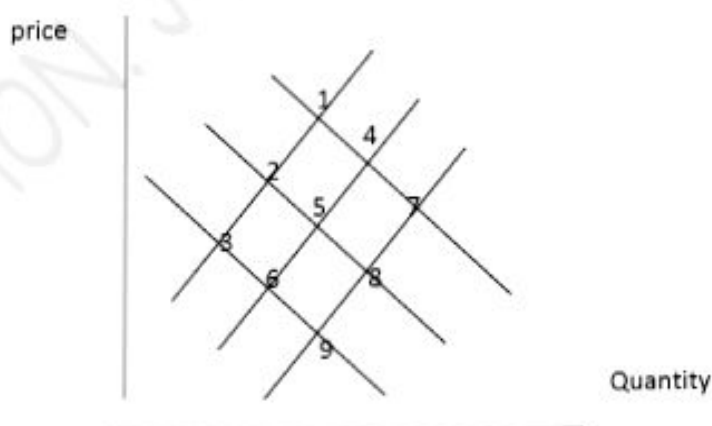
	Equilibrium Price of X	Equilibrium quantity of X
A	Decrease	Decrease
B	Decrease	Increase
C	Increase	Decrease
D	increase	Increase

Use the following information to answer question 28 and 29

11. When quantity supplied is greater than quantity demanded, the market is not in equilibrium
(a) True (b) False (c) Not certain
12. If the cross elasticity between goods A and B is 0.67, then A and B are substitutes
(a) True (b) False (c) Not certain
13. Price elasticity of demand (PED) is elastic when $PED > 0$.
(a) True (b) False (c) Not certain
14. The budget line represents any possible combination of two goods that can be purchased given the constraints of income and prices.
(a) True (b) False (c) Not certain
15. A consumer is faced with the choice of buying good A and B. when he is in equilibrium, the marginal utility of A is greater than the marginal utility of B
(a) True (b) False (c) Not certain
16. The price consumption curve shows the locus of equilibrium consumption points when prices are changing
(a) True (b) False (c) Not certain
17. A student decides to stay in her room to do an assignment rather than going to watch Guinness Malta street dance show.
What is the opportunity cost of her decision?
(a) The enjoyment she would have derived from the show
(b) The improvement of the mark she obtains from her assignment
(c) The money she would have spent in the show.
18. Which of the following is a normative statement?
(a) The figures for unemployment in Nigeria should be higher than that of Ghana
(b) Unemployment has more harm than inflation
(c) Inflation level is likely to be lower than unemployment level in Nigeria.
(d) None of the above.
19. Which of the following is the most important in arranging a scale of preference?
(a) Needs (b) Means (c) Wants (d) All of the above
20. Which of the following is not an assumption in constructing the Production Possibility Curve?
(a) The economy is employing all its resources
(b) The quality and quantity of factors of production are fixed
(c) The state of technology is subject to change
(d) The economy is producing only two goods
21. A table (as a tool of economic analysis) can perform all the following roles except
(a) Description of the tread of events
(b) Explanation of the tread of events
(c) Possible forecast of future tread of events
(d) None of the above
22. A variable explained by another variable is called
(a) Explained variable (b) Dependent variable (c) Independent variable (d) Normal variable
23. Which of the following cannot be found in a capitalist system?
(a) Freedom of enterprise (b) Freedom of choice (c) Equality of income
(d) Presence of socially undesired practices
24. If the quantity demand of rice has increased, the possibility is that
(a) The income of the individual has increased
(b) The taste of the individual has changed
(c) The price of the rice has fallen

- (d) All of the above
25. Assume that the demand curve shows the relationship between the number of private car journeys and the cost of a private car journey. Which of the following will cause the demand curve to shift to the left?
- (a) A reduction in car tax (b) An increase in petrol prices (c) A reduction in public transport prices (d) The introduction of tolls on motor ways
26. Which of the following rations scarce goods and services among the people demanding them?
- (a) The government (b) Private organizations (c) The price system (d) all of the above
27. Which of the following explains why the demand for UME forms will increase in spite of increase in the price of the forms?
- (a) The demand for UME forms is highly inelastic
 (b) There are no close substitute
 (c) There is an increase in the number of people applying for the forms
 (d) All of the above.
28. What would cause a movement along an industry's supply curve?
- (a) A change in price of raw materials
 (b) A change in price of substitute goods
 (c) An improvement in technology
 (d) Then imposition of sales tax on the industry's product.
29. Which schedule show the maximum prices at which a firm would be able to sell at any given level of output?
- (a) Demand schedule (b) Marginal revenue schedule (c) Production schedule (d) Supply schedule
30. Which of the following does not cause an increase in supply?
- (a) An increase in the commodity's price
 (b) An improvement in technology
 (c) A reduction in factors prices
 (d) A decrease in the cost of materials

The diagram below shows the demand and supply for a household commodity. Use the diagram to answer questions 31-33



- Assume that point 5 is the initial equilibrium point what will be the new equilibrium
31. When there is a fall in the price of a close substitute for that commodity?
 - (a) Point 2 (b) Point 4 (c) Point 6 (d) Point 8
 32. If there is (i) a technological innovation in production commodity and reduces the average unit cost of manufacturing the commodity and (ii) an increase in the income of households in real terms?
 - (a) Point 1 (b) Point 3 (c) Point 7 (d) Point 9
 33. If the government imposes an indirect tax on the commodity?
 - (a) Point 2 (b) Point 3 (c) Point 4 (d) Point 6
 34. Which of the following statements about elasticity of supply is correct?
 - (i) Elasticity of supply is normally negative rather than positive.
 - (ii) Elasticity of supply is normally greater the shorter the time period involved
 - (iii) Elasticity of supply depends on the alternative uses to which suppliers can put their resources.
 - (a) i only (b) i and ii (c) ii and iii (d) iii only
 35. Which of the following elasticity's will best describe the income elasticity of demand of rice?
 - (a) -0.42 (b) 0.42 (c) 1.06 (d) -1.06
 36. Which of the following is likely to be incorrect for good whose price elasticity of demand is 2.43?
 - (a) It has many substitutes (b) The income elasticity is 1.38
 - (c) Its demand is not composite (d) none of the above
 37. Product R is an inferior good with no close substitutes. It is also a complement to product S. which describes product R?

	Income elasticity of Demand	Cross elasticity of Demand with Product S
A	Negative	Positive
B	Positive	Negative
C	Negative	Negative
D	Positive	Positive

38. A consumer derives higher satisfaction from a higher indifference curve than a lower one because
 - (a) Of the greater distance from the origin (b) the price is likely to be lower
 - (c) more of both goods can be consumed (d) all of the above
39. When total utility increases, marginal utility is:
 - (a) Negative and increasing (b) negative and declining
 - (c) positive and increasing (d) Positive and declining
40. If an individual increases consumption when total utility is maximized, the individual is:
 - (a) Inconsistent (b) Irrational (c) Indifferent (d) Intransitive.