1. The fundamental problem of economics is
   A. The establishment of a political framework to determine the what, how and for whom of production
   B. To establish an equitable distribution of income
   C. The scarcity of productive resources relative to society’s unlimited wants
   D. Finding striking determinants between the forces of supply and demand.

2. Economic problem occurs when
   A. There is scarcity relative to demand
   B. There are no buyers for our goods
   C. Many people are out of work
   D. All raw materials are imported

3. Economic goods are termed scarce goods when they are
   A. Not available in sufficient quantities to satisfy effective demand for them
   B. Not produced in sufficient quantities to satisfy effective demand for them
   C. Of high quality
   D. Of primary importance in satisfying the needs of a society.

4. The demand for a good is price inelastic if
   A. The price elasticity is one
   B. The price elasticity is less than one
   C. The price elasticity is greater than one
   D. The price elasticity is negative

5. The type of unemployment that occurs when an individual cannot find job as a result of obsolete skill is
   A. Frictional unemployment
   B. Structural unemployment
   C. Cyclical unemployment
   D. Seasonal unemployment
6. An increase in total production (real GDP) causes the demand for money to _______ and the interest rate to ________.
   A. Increase; increase
   B. Increase; decrease
   C. Decrease; decrease
   D. Decrease; increase

7. The theory of consumption which argues that consumption is based on a household’s long-run estimate of their income is called the
   A. Relative income hypothesis
   B. Duesenberry theory
   C. Permanent income hypothesis
   D. Life-cycle hypothesis

8. The term ‘investment’ in macroeconomics means
   A. The total amount of capital goods in the country
   B. Total amount of money invested in bonds and stocks
   C. Profit
   D. The production of goods for immediate consumption.

9. The "velocity" of money is
   A. The money supply multiplied by the price level
   B. The real money supply divided by the real GDP
   C. The ratio of real GDP to the real money supply
   D. The money supply divided by the price level.

10. The theory of .............. was propounded by ..............
    A. Absolute advantage; David Ricardo
    B. Absolute advantage; Adam Smith
    C. Comparative advantage; Adam Smith
    D. Comparative advantage; Mercantilists.

11. A ............ in the price of the domestic currency in terms of a foreign currency is referred to as ............
    A. Decrease, depreciation
    B. Decrease, appreciation
C. Increase, de-appreciation
D. Increase, consolidation.

12. A major factor contributing to productivity is
   A. The labour force
   B. The rate of GDP per year
   C. The baby boom of generation
   D. Immigration of young workers

13. One major problem facing West African countries is
   A. Relations with Colonial Masters
   B. Political integration
   C. Joint Military operations in Member States
   D. Financial crunch of Member States.

14. Among all the determinants of economic growth, the most important one is
   A. Land and Natural resources
   B. Human capital
   C. Technologies
   D. Increased GDP

15. The demand for money will fall if
   A. Real GDP rises
   B. Real interest rates rise
   C. The GDP deflator rises
   D. People expect deflation soon

16. Which of the following is an example of expansionary monetary policy by the Central Bank of Nigeria?
   A. Increasing the discount rate
   B. Increasing the reserve ratio
   C. Buying Treasury securities from commercial banks
   D. Lowering income taxes.

17. Part-time workers who desire full-time employment are:
   A. Underemployed and contribute to the unemployment statistic.
   B. Underemployed but do not contribute to the unemployment statistic.
   C. Not part of the labour force and do not contribute to the unemployment statistic.
   D. Cyclical unemployment

18. .................. is the highest body in ECOWAS organogram
   A. Authority of Head of State and Government
   B. Council of Ministers
C. The Defence Council  
D. The Executive Secretariat.  

19. Money could be defined as  
   A. Medium of exchange  
   B. Medium of payment  
   C. Settlement of debt  
   D. Options A, B and C  

20. The following are economic agents in any economy **EXCEPT**  
   A. Government  
   B. Household  
   C. Firm  
   D. Central Bank  

21. Which of the following is not referring to the word economic?  
   A. Is scarce.  
   B. Is limited.  
   C. Commands a price.  
   D. Unlimited.  

22. An increase in money income with constant price results in  
   A. Inward parallel shift in the budget line.  
   B. Outward shift in the budget line.  
   C. Budget line remain constant.  
   D. Options A and C  

23. Which of the following is not concerned with macro economics?  
   A. Aggregate level of outputs  
   B. General level of prices  
   C. Growth of real output  
   D. Price of a commodity  

24. The marginal propensity to consume is  
   A. $\frac{\Delta C}{\Delta Yd}$  
   B. Coefficient c in the equation $C = \dot{C} + cYd$  
   C. The slope of the consumption function  
   D. Options A, B and C  

25. An industry is  
   A. A group of firms producing differentiated products  
   B. A group of firms producing distinct commodities  
   C. A group of firms producing related goods  
   D. A group of firms producing unrelated goods
26. The principle that specified that the amount, when and how to pay tax should made known to tax payer is known as

A. Principle of convenience
B. Principle of economy
C. Principle of simplicity
D. Principle of certainty

27. Public corporation is financed with

A. Tax payer’s money
B. Capital raised from shareholders
C. Capital contributed by owners
D. Capital raised from stock exchange.

28. J. M. Keynes is the strong advocate of

A. Monetary policy
B. Income policy
C. Fiscal policy
D. Options A, B and C.

29. If commodities X and Y are substitute, their cross elasticity of demand will be

A. Positive
B. Zero
C. One
D. Negative.

30. Which of the following is an example of free good?

A. Dinner you did not pay for.
B. Your rented apartment.
C. Free education.
D. Water in the ocean.

31. The type of price elasticity of demand for a commodity whose quantity demanded remain unchanged despite changes in the price is

A. Inelastic
B. Perfectly inelastic
C. Infinitely elastic
D. Perfectly elastic

32. A rise in the naira per dollar exchange from say N157/$1 to N160/$1 means

A. Naira has depreciated
B. Naira has appreciated
C. Naira has increased
D. Dollar has increased

33. ...............is presently used in Nigeria to measure inflation
A. Consumer price index
B. Wholesale price index
C. GNP implicit price deflator
D. Real Gross Domestic Product.

34. The short run can be defined as the period of time during which

A. At least one of the firm’s input is fixed
B. All inputs are variable
C. All inputs are fixed
D. At least two inputs are fixed

35. Real cost is

A. Alternative commodities forgone
B. Cost of goods and services
C. Amount of money spent on goods and services
D. True cost

36. A tariff is a tax imposed on

A. Imported goods
B. Exported goods
C. Domestic goods
D. Consumer goods

37. The income elasticity of demand is defined as the responsiveness of

A. Quantity demanded to a change in price
B. Price to a change in income
C. Quantity demanded to a change in income
D. Price to a change in quantity

38. The development of an economic hypothesis through intuition, insight, or logic is associated with

A. Induction
B. Deduction
C. Policy economics
D. Normative economics

39. Microeconomics is the study of

A. The output of the entire economy
B. The total number of workers employed in Nigeria
C. The general level of prices in the Nigerian economy
D. The output and price of wheat in Nigeria.

40. Business cycle is associated with

A. Inflation
B. Recession
C. Unemployment
D. Seasonal variation

41. An “innovator” is an entrepreneur who

A. Makes basic policy decisions in a business firm
B. Combines factors of production to produce a good or service
C. Invents a new product or process for producing a product
D. Introduces new products on the market or employs a new method to produce a product.

42. The two kinds of agents found in the circular flow model are

A. Real and money markets
B. Real and traditional markets
C. Money and authorization markets
D. Product and factor markets.

43. The law of supply states that, other things being constant, as price increases

A. Supply increases
B. Supply decreases
C. Quantity supplied increases
D. Quantity supplied decreases.

44. Which of the following is a characteristic of competition?

A. The widespread diffusion of economic power.
B. A small number of buyers in product markets.
C. Several sellers of all products.
D. The relatively difficult entry into and exit from industries by producers.

45. If a business’ total economic cost of producing 10,000 units of a product is N750,000 and this output is sold to consumers for N1,000,000, then the firm would earn

A. A normal profit of N750,000
B. An economic profit of N750,000
C. An economic profit of N250,000
D. A normal profit of N1,750,000.

46. The part of income after tax that is not consumed is defined as

A. Saving
B. Capital investment
C. Wages and salaries
D. Nondurable goods expenditure.

47. Government uses all of the following ways to redistribute income, except

A. Transfer earnings
B. Market intervention
C. Limited liability
D. Taxation.

48. Which of the following nations is the world’s leading trading nation in terms of absolute volumes of imports and exports?
49. One of the potential problems with the European Union is that
   A. An unregulated free flow of labour and capital may reduce productivity
   B. Economies of large scale production may increase consumer prices
   C. Tariffs may reduce trade with non-member nations
   D. Government may have difficulty covering the shortfall from the elimination of duties and taxes.

50. One major criticism of foreign aid to developing countries is that it
   A. Provides incentives for capital flight
   B. Is capital using rather than capital saving
   C. Encourages growth in government bureaucracy
   D. Gives too much power and control to world bank.
ECONOMICS ESSAY QUESTIONS

1. With reference to the relevant types of elasticity of demand, explain the terms
   (i) Inferior good; and (7 Marks)
   (ii) Complementary good. (8 Marks)

2. Discuss, with the aid of a demand and supply diagram, the effects on consumers and producers when the government introduces an indirect tax on a good. (15 Marks)

3. With the aid of appropriate diagrams, distinguish between cost-push inflation and demand-pull inflation (15 Marks)

4. Write short notes on the following:
   (i) Floating exchange rate (5 Marks)
   (ii) Currency depreciation (5 Marks)
   (iii) Currency devaluation (5 Marks)

5. Explain the functions of money and its role in economic development. (15 Marks)

6. a. Differentiate between Nominal GDP and Real GDP. (5 Marks)
   b. Explain five reasons why it is important to measure a nation’s income. (10 Marks)

7. Distinguish between the following pairs of economic concepts.
   (i) Returns to scale and returns to size in production analysis
   (ii) Consumer’s surplus and producer’s surplus
(iii) Average product and marginal product.

8. a. Differentiate between Economic Growth and Economic Development  
   (5 Marks)

   b. List and explain FIVE major characteristics of a Less - Developed economy (10 Marks)