



**JOINT UNIVERSITIES PRELIMINARY EXAMINATIONS BOARD
JUNE 2019 EXAMINATIONS**

JUPEB/007

ECONOMICS: MSS–J133

Time Allowed: 3 hours

SECTION A: MULTIPLE CHOICE QUESTIONS

Answer all questions in this section.

Use the OMR Answer sheet provided to answer the questions. Follow the instructions on the OMR sheet.

SECTION B: ESSAY QUESTIONS

Answer FOUR Questions in all; ONE from each Course.

Turn Over

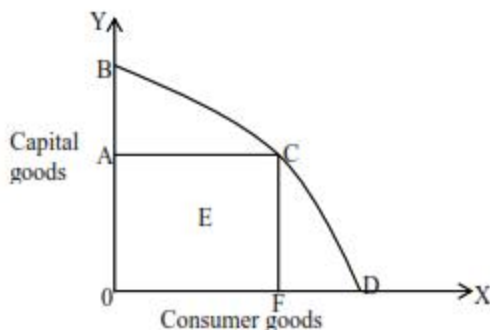
SECTION A: MULTIPLE CHOICE QUESTIONS.**Answer ALL Questions**

1. All of the following describes conditions necessary for existence of a perfect market EXCEPT _____
- A. lack of homogeneity of goods.
 - B. large buyers and sellers.
 - C. perfect knowledge.
 - D. portability of goods.
2. Given the table demonstrating the law of diminishing marginal utility below, what is the value of X?

No. of oranges Consumed	Total Utility	Average Utility	Marginal Utility
1	9	9	-
2	16	8	X
3	24	8	6
4	30	7.5	4
5	34	6.8	Y
6	36	6	2
7	36	5.1	0

- A. 0
 - B. 0.5
 - C. 7
 - D. 8
3. Economics is often described as a science because it _____
- A. employs the use of laboratory experiments.
 - B. engages accurate prediction of human beings.
 - C. makes use of controlled experiments.
 - D. uses scientific methods to explain observed phenomena.
4. When a generalization is made based on observed facts, it is _____
- A. normative reasoning.
 - B. theoretical reasoning.
 - C. inductive reasoning.
 - D. deductive reasoning.

5. From the graph below, point "E" shows _____



- A. productive efficiency.
B. allocative efficiency.
C. product inefficiency.
D. product efficiency.
6. 40 men were employed in a farm, and they produced an average of 30 tonnes of cassava per person. Calculate the total product.
A. 1,100 tonnes
B. 1,300 tonnes
C. 1,400 tonnes
D. 1,200 tonnes
7. Economists refer to private goods as _____
A. non rival and non-excludable.
B. rivalrous and excludable.
C. non rival and excludable.
D. rivalrous and non-excludable.
8. If demand function for a product is $Q_s = 30 - 4P$, and price and quantity of product is 4 and 14 respectively. What is the price elasticity of demand for the product?
A. 1.14
B. 1.7
C. 14.1
D. 7.1
9. The decision to consume more of one product under normal circumstances will imply _____
A. more of another product will be consumed.
B. less of the product will be consumed.
C. no other products will be consumed.
D. less of another product will be consumed.

10. When a kilogram of carrot is ₦8.00, 20 kilograms are demanded and when the price decreased to ₦6.00 per kilogram, 30 kilograms are demanded. The elasticity of demand equals to _____
- A. 11.
 - B. 12.
 - C. 2.
 - D. $\frac{1}{2}$.

11. The quantity of commodity a consumer is willing and able to buy at a particular time is called _____
- A. demand.
 - B. supply.
 - C. desire.
 - D. wish.

12. Endogenous variable is _____
- A. a variable that is determined inside the model.
 - B. a variable that is determined outside the model.
 - C. a variable that is not in the model.
 - D. a variable that is not art of the theory.

13. Suppose the public expenditure as a percentage of GDP of four countries is shown in the table below.

A	40%
B	50%
C	33%
D	36%

Which type of economy exists in these countries?

- A. Mixed.
 - B. Planned.
 - C. Pure market.
 - D. Traditional.
14. Which of the following shows why individual demand curve for a good usually slopes downward from left to right?
- A. More of commodities are offered for sale at a lower than higher prices.
 - B. Prices are usually falling when demand is low.
 - C. Marginal utility falls as consumption increases.
 - D. The higher the price the higher the quantity offered for sale
15. Identify one of the following which can NOT be used to close deflationary gap.
- A. Increase government expenditure.
 - B. Reduction in taxes.
 - C. Increased money supply.

- D. Increased interest rate.
16. Which of the following will cause an increase in cost of production?
A. Hyper-inflation.
B. Demand pull inflation.
C. Cost push inflation.
D. Structural inflation.
17. Institutions serving as links between surplus and deficit units can be identified as _____.
A. financial intermediates.
B. tax officers.
C. acceptance houses.
D. pension offices.
18. Which of these must be avoided in adopting the income approach to the measurement of national income?
A. Income earned by housewives.
B. Indirect taxes.
C. Illegal goods and services.
D. Transfer payment.
19. Calculate the equilibrium level of national income (Y) where $Y = C + I + G$; $C = 100 + 0.75Y$; $I = 50$; and $G = 200$
A. 100
B. 1400
C. 1500
D. 2000
20. A persistence rise in the prices of inputs will lead to _____.
A. hyperinflation.
B. stagflation.
C. cost push inflation.
D. demand pull inflation.
21. The number of people who are qualified to work and who offered themselves for employment are called _____.
A. migrant labour.
B. working population.
C. labour turnover.
D. mobility of labour.
22. Overpopulation is caused by _____.
A. disease.
B. emigration.
C. low Literacy rates.
D. war and conflicts.

23. The quickest way of achieving an economic union on regional basis is to remove all ____
- A. currency barriers.
 - B. political barriers.
 - C. customs barriers.
 - D. language barriers.
24. Shifts in the consumption curve are caused by all of the following EXCEPT changes in ____
- A. asset holdings.
 - B. income level.
 - C. price level expectations.
 - D. credit availability.
25. Which of the following is the resultant effect of a fall in the profit margin of producers in an economy?
- A. Unemployment will increase.
 - B. Unemployment will fall.
 - C. Unemployment will remain constant.
 - D. Unemployment will fluctuate.
26. Multiplier can be described as ____
- A. the ratio of change in an endogenous variable to the change spending.
 - B. the ratio of change in output to a change in autonomous spending.
 - C. the ratio of variables that multiplies autonomous spending plus tax.
 - D. the ratio of variables that multiplies autonomous spending.
27. Which of the following must be true to have a closed economy with no government, and yet the value of the investment multiplier still increase?
- A. Actual saving has fallen.
 - B. Marginal propensity to save has fallen.
 - C. Actual investment has fallen.
 - D. Average propensity to invest has fallen.
28. Which of the following would not be a reason for a government to impose a quota on imports?
- A. To support strategic industry.
 - B. To raise tax revenue.
 - C. To prevent dumping.
 - D. To retaliate against other countries.
29. In a two by two model of international trade, it is assumed that ____
- A. both countries could gain from trade at the same time, but the volume of the gains depends on terms of trade.
 - B. both countries could gain from trade at the same time, and the volume of the gains does not depend on terms of trade.

- C. both countries could gain from trade at the same time, but term of trade is inconsequential for the distribution of the gains.
D. neither country could ever gain from trade since term of trade is depends on the distribution of the gains from trade.
30. Agriculture accounts for about 60% of the _____
A. active labour force in West Africa.
B. arable land in West Africa.
C. service sector activities in West Africa.
D. commodity market in West Africa.
31. Which exchange rate regime is purely determined by the forces of demand and supply?
A. Fixed exchange rate.
B. Flexible exchange rate.
C. Modified exchange rate.
D. Principal exchange rate.
32. Which of the following is noted as one of the causes of poverty in West Africa?
A. Poor manufacturing.
B. Poor leadership.
C. Low crude oil exportation.
D. Low exchange rate fluctuation.
33. Which of the following is NOT one of the characteristics of developing countries?
A. High capital formation.
B. Low saving.
C. Mono-product economy.
D. High unemployment.
34. Which one of the following measures the natural growth rate of a population?
A. Birth rate \div Death rate.
B. Birth + Net migration = Death.
C. Natural increase = Birth rate + Net migration.
D. Birth rate - Death rate.
35. One of the following is NOT a factor underlying fluctuations in exchange rates.
A. Bank influence.
B. Capital movements.
C. Changes in price.
D. Savings.
36. Deliberate attempt to limit imports is called _____
A. trade protection.
B. trade management.
C. export substitution.

- D. import substitution.
37. Indicator of underdevelopment is _____
A. low per capita income.
B. low population growth rate.
C. high Life expectancy.
D. low birth rate.
38. A period of economic stagnation accompanied by rising inflation can create _____
A. hyper-inflation.
B. creeping inflation.
C. stagflation.
D. depression.
39. The rate of output per worker (or group of workers) per unit time is called _____
A. labour productivity.
B. total output.
C. work done.
D. individual output.
40. The Economic Community of West African States was established on _____
A. May 28, 1977.
B. August 22, 1977.
C. May 28, 1975.
D. August 22, 1975.
41. The economies of West African Countries depend majorly on _____
A. primary product.
B. secondary product.
C. tertiary product.
D. manufacturing product.
42. Macroeconomics focuses on the following units in an aggregative manner _____
A. individual consumers, individual firms, government and external sector.
B. government, household firms, individual consumers and external sector.
C. household, firms, government, corporate sector and external sector.
D. individual consumer, household firms and manufacturing sector
43. An increase in injections into the economy may lead to _____
A. an outward shift of aggregate demand and demand-pull inflation.
B. an outward shift of aggregate demand and cost-push inflation.

- C. an outward shift of aggregate supply and demand-pull inflation.
D. an outward shift of aggregate supply and cost-push inflation.
44. _____ is invented to measure the distribution of income in a country.
A. Demand curve.
B. Philips curve.
C. Lorenz curve.
D. Supply curve.
45. Which of the following Age group belongs to active Labour force?
A. 0-17yrs.
B. 15- 25yrs.
C. 65yrs and above.
D. 18- 64yrs.
46. Classical models of economic growth based their analysis on the assumption that _____.
A. there is full employment of resources.
B. there is partial utilization of capital.
C. prices and wages are rigid downward.
D. the saving ration is low.
47. An increase in nominal income without increase in price will result to _____.
A. increased real income.
B. decreased real income.
C. increased GDP.
D. decreased GNP.
48. _____ is NOT the cause of balance of payments (BOPs) deficits in Nigeria.
A. Poor performance of the non-oil sector
B. No import substitution strategies
C. High servicing of debt
D. Export promotion
49. Which of the following is NOT a member of ECOWAS?
A. Niger
B. Nigeria
C. Ghana
D. Tunisia
50. If the supply curve of labour market is given as $S = 4L + 8$. What is L when $s = 20$?
A. 3
B. 2
C. 4
D. 5

SECTION B: ESSAY QUESTIONS

Answer **FOUR** Questions; Not more than One Question from each Course

ECN 001 – PRINCIPLES OF ECONOMICS I

1. Discuss the relationship between elasticity of demand and total revenue of the seller. (15marks)
2. (a) Explain what is meant by indifference curve and marginal rate of substitution. (8 marks)
(b) Discuss the basic properties of an indifference curve. (7 marks)

ECN 002 – PRINCIPLES OF ECONOMICS II

3. The economy model of a country is characterized as follows:

Consumption function, $C = 85 + 0.5Y_d$,

Investment Function, $I = 85$

Government Spending, $G = 60$

Net taxes, $T = 40 + 0.25Y$

Solve for the following

- (a) Equilibrium income (3 marks)
 - (b) Equilibrium consumption (3 marks)
 - (c) Net taxes (3 marks)
 - (d) What type of budget is the economy operating? (3 marks)
 - (e) By how much will output increase when investment spending increases by 50%? (3 marks)
4. (a) With the aid of a well labelled diagram, explain the circular flow of income in a three – sector economy. (8 marks)

(b) If the income of civil servants earning ₦75,000 per month increases by 40% and their consumption expenditure consequently increased from ₦52,000 to ₦65,000 per month.
 - i. Calculate the multiplier (4 marks)
 - ii. By how much will the national income be increased if the total consumption expenditure increased by ₦20,000. (3 marks)

ECN 003 – APPLIED ECONOMICS I

5. (a) Explain the term 'demographic transition'. (5 marks)
(b) Discuss the implications of Malthusian population theory. (10 marks)
6. (a) Examine the effects of increasing population on the Nigerian economy. (10marks)
(b) How could the trend be curtailed? (5 marks)

ECN 004- APPLIED ECONOMICS II

7. (a) Using a diagram, explain what is meant by recessionary gap? (5 marks)
(b) What policies might government use to correct recessionary gap? (10 marks)
8. Use the information below to answer the questions that follow.

Nigeria Economic Outlook

In 2016, Nigeria's economy slipped into recession for the first time in more than two decades reflecting adverse economic shocks, inconsistent economic policies, and deepening security problems in the north east and Delta regions. The outlook for 2017 was for a moderate economic recovery with real Gross Domestic Product (GDP) projected to grow at 2.2% spurred by increased infrastructure spending and restoration of oil production to previous levels.

The Nigerian economy continued to face serious macroeconomic challenges and was in a recession for the first time in decades. GDP growth for 2016 was estimated at -1.5%, with a moderate recovery expected in 2017. This was attributed to a series of shocks, including the continued decline in oil prices, foreign exchange shortages, disruptions in fuel supply and sharp reduction in oil production, power shortages, and insecurity in some parts of the country, as well as low capital budget execution rate (51%). Managers of the economy responded to the recession with a package of monetary, fiscal and exchange rate policies.

However, the Central Bank of Nigeria (CBN) pursued a contractionary monetary policy stance. The fiscal authority on the other hand pursued an expansionary fiscal policy with the objective of reflating the economy by allocating close to 30% of the budget to capital expenditure.

Source: African Economic Outlook (AEO) 2017

- i. What do you understand by the term 'economic recession'? (2 marks)
- ii. With good examples, explain the term "economic shocks" and how they can affect the Nigerian economy. (2 marks)
- iii. With good examples and illustration, explain the term expansionary fiscal policy and how it can affect an economy. (3 marks)
- iv. Mention 4 macroeconomic objectives that all governments can pursue. (4 marks)
- v. Aside from the above, given reasons for economic recession in Nigeria, explain some other reasons that can cause economic recession especially in West Africa. (4 marks)