

# JUPEB

## Economics

### Past questions

*Paper Type: Objective (PT. 1-4)*

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## SECTION A:

### MULTIPLE CHOICE QUESTIONS

Answer ALL Questions

Time Allowed: 3 Hours

1. When a fall in the price of a commodity leaves the quantity demanded unchanged, demand is said to be \_\_\_\_\_

- A. fairly elastic.
- B. fairly inelastic.
- C. perfect elastic.
- D. perfectly inelastic.

2. The Average Fixed Cost (AFC) curve falls continuously with increasing output but does not touch the X-axis. This means that the AFC curve is \_\_\_\_\_

- A. U- shaped.
- B. upward sloping.
- C. asymptotic to the origin.
- D. fixed or horizontal.

3. When an increase in consumers' income leads to an increase in the quantity demanded of a good, then the good is \_\_\_\_\_

- A. a normal good.
- B. a necessity.
- C. an inferior good.
- D. a giffen good.

4. Price ceilings lead to \_\_\_\_\_

- A. shortage of commodity.
- B. surplus of commodity.
- C. market clearing.
- D. excess supply.

5. A country's national income is affected positively by one of the following factors **EXCEPT** the \_\_\_\_\_

- A. availability of natural resources.
- B. number and quality of labour force.
- C. state of the technical knowledge.

D. quantity and quality of water resources.

6. What is the mercantilist view on trade?

- A. Maximizing welfarism.
- B. Positive balance of trade and balance of payment.
- C. That agriculture is the main stay of the economy.
- D. Encourages crude oil exploitation.

7. Which of the following will occur if Nigeria devalues her currency?

- A. Increasing population.
- B. Increasing import.
- C. Reduced export.
- D. Cheaper export.

8. Pricing and output decisions of sellers are highly interdependent on market known as \_\_\_\_\_

- A. Oligopoly.
- B. Perfect competition.
- C. Monopoly.

D. Monopolistic competition.

9. In a mixed economy like Nigeria, variation in income distribution is a result of \_\_\_\_\_

- A. political instability.
- B. free market mechanism rewarding merit and productivity.
- C. too much money in the economy.
- D. one's academic achievement.

10. At the point of profit maximization,  $MR = MC$  where \_\_\_\_\_

- A. MR is falling.
- B. MR is maximum.
- C. AR is falling below MR.
- D. MC cuts MR from below.

11. The equilibrium of a profit-maximizing competitive firm is given by the point where \_\_\_\_\_

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

D.  $MC = AR = D$

12. A closed economy is a national economy that \_\_\_\_\_

A. does not interact economically with the rest of the world.

B. has a stock market that it is not open to traders from outside the country.

C. has extensive trading and financial relationships with other national economies.

D. has not established diplomatic relations with other national economies.

13. At equilibrium, aggregate expenditure is equal to aggregate \_\_\_\_\_

A. consumption.

B. investment.

C. income.

D. savings.

14. Which of the following is an automatic stabilizer?

A. Military spending.

B. Spending on public schools.

C. Unemployment benefit.

D. Increased exchange rate.

15. Under flexible exchange rates, a deficit could be corrected by \_\_\_\_\_

A. freezing the gold point.

B. appreciation of other currencies.

C. removing export subsidies.

D. removing tariffs.

16. A major factor affecting the value of money is the \_\_\_\_\_

A. price level.

B. banking habit.

C. transactionary motive.

D. spending habit of consumers.

17. A balanced budget is defined as a condition of \_\_\_\_\_

A. balance of payments equilibrium.

B. equality of aggregate demand and aggregate supply.

C. equality of planned receipts and planned expenditure.

D. equality of planned exports and planned imports.

18. ECOWAS will enable member countries to achieve \_\_\_\_\_

A. comparative political advantage over other countries not in the region.

B. a large market for their products.

C. military superiority over countries not in the region.

D. lower the transportation cost of goods within the region.

19. Population density refers to \_\_\_\_\_

A. densely populated urban centres.

B. the total area divided by the total population.

C. densely populated rural areas.

D. the total population divided by the total area.

20. A change in demand for a normal good implies that there is a \_\_\_\_\_

A. change in quantity demanded as price changes.

B. shift in the demand curve.

C. movement along a given demand curve.

D. change in the price elasticity of demand.

21. If Mr Young obtains a N50000 loan from a bank for the purpose of providing household needs, this demand for money is said to be \_\_\_\_\_

A. transactionary and speculative.

B. transactionary.

C. speculative.

D. precautionary and speculative.

22. Which of the following relationships is the concern of Malthusian theory?

A. Population growth rates of the rich and poor nations.

B. Population density and national income.

C. Population growth rate and natural resources.

D. Age distribution of population.

23. Combined positive demand and negative supply shock of the same magnitude will \_\_\_\_\_

A. raise equilibrium price and quantity.

B. raise equilibrium quantity and leave price unaffected.

C. raise equilibrium price but leave equilibrium quantity unaffected.

D. reduce equilibrium price and quantity.

24. An abnormal supply curve is also known as \_\_\_\_\_

A. downward sloping supply curve.

B. linear supply curve.

C. regressive supply curve.

D. upward sloping curve.

25. Which of the following is the international cartel formed to stabilise the world oil market?

A. Economic Commission for Africa.

B. International Monetary Fund.

C. Organisation of Petroleum Exporting Countries.

D. Organization of Petroleum importing countries.

26. Which of the following determines wage rate in a market setting?

A. Aggregate supply.

B. Price of material used.

C. Output of labour.

D. Market demand and supply of labour.

27. One of these is the primary objective of NDIC.

A. Giving protection to the CBN against fraud.

B. Provision of regulations guiding financial houses.

C. Giving protection to banks against fraud.

D. Giving protection to bank depositors.

28. Which of the following is concerned mainly on the types, sources and uses of government income?

A. Public expenditure.

B. Public budget.

C. Public finance.

D. Public revenue.

29. In computing national income, transfers are excluded because \_\_\_\_\_

A. they are received only by the poor.

B. the figures reduce the size of the national income.

C. it is difficult to get the exact figure.

D. they are not payment for productive services.

30. The labour force of a country is best described as the number of people \_\_\_\_\_

A. receiving pension.

B. within the working age.

C. in paid employment.

D. within the retirement age.

31. Those who are better off during inflation includes one of the following.

A. Buyers of goods.

B. Creditors.

C. Debtors.

D. Those who anticipate the rise in prices.

32. Liquidity preference is the \_\_\_\_\_

A. need to borrow money for short periods to meet some temporary crises.

B. wish to hold more funds for precautionary purposes.

C. need to increase the money supply in order to lower the interest rate.

D. demand to hold money as assets rather than as stocks.

33. The effect of an increase in demand for a commodity accompanied by a decrease in supply will be to \_\_\_\_\_

A. raise the price of the commodity and affect the quantity in an indeterminate way.

B. decrease the equilibrium quantity and affect the price in an indeterminate way.

C. raise its price as well as the equilibrium quantity.

D. lower its price while affecting the equilibrium quantity in an indeterminate way.

34. The distinguishing characteristic between the money market and the capital market lies in whether the \_\_\_\_\_

A. securities are primary or secondary.

B. debt instruments provided are long-term or short-term.

C. funds mobilized are private or public.

D. securities are in debentures or ordinary shares.

35. Securities are described as listed when they are \_\_\_\_\_

A. mobilized as long-term debt instruments.

B. traded on a recognized stock market.

C. bought and sold purely for development purposes.

D. mobilized as short-term debt instruments.

36. When two variables are positively related, the graph of the relationship \_\_\_\_\_

A. is a downward-sloping curve.

B. has a negative intercept.

C. is a straight line.

D. is an upward-sloping curve.



37. Short-run period in production is a period too short for a firm to be able to change its \_\_\_\_\_

- A. scale of operation.
- B. total revenue.
- C. variable inputs.
- D. total outputs.

38. All economies are faced with a major problem of how to \_\_\_\_\_

- A. allocate scarce resources.
- B. improve trade among nations.
- C. increase consumption of imported goods.
- D. transform from a developing to a developed economy.

**Answer the next question with the following table.**

<i>Unit Consumed</i>	<i>TC</i>	<i>MC</i>
0	-	-
1	8	8
2	15	7
3	21	6
4	26	?
5	30	4

39. The table above exemplify the law of diminishing \_\_\_\_\_

- A. marginal productivity.
- B. marginal utility.
- C. marginal rate of substitution.
- D. returns.

40. Under normal circumstances, a producer will bear the entire burden of taxation on his output if the \_\_\_\_\_

- A. supply of the good is more elastic than the demand.
- B. demand for the product is purely elastic.
- C. production of the commodity is subject to diminishing returns.
- D. demand for his product is more elastic than the supply.

41. Which of the following is the firm that charges different prices for goods that have the same qualities?

- A. Effective monopoly.
- B. Monopoly.

- C. Discriminatory monopoly.  
D. Pure monopoly.
42. Normative economics deals with \_\_\_\_\_
- A. facts and not figures.  
B. facts and figures.  
C. value judgements.  
D. what is and not what should be.
43. One of the financing assets traded in the capital market is \_\_\_\_\_
- A. treasury bills.  
B. commercial papers.  
C. bankers' acceptances.  
D. long-term securities.
44. Over the years, the Nigerian naira depreciates relative to the United State dollars. Who would benefit the most from this?
- A. Nigerian consumers of USA goods.  
B. Nigerians consumers of Nigerian goods.

- C. USA consumers of Nigerian goods.  
D. USA consumers of British goods.
45. In the quantity theory of money equation ( $MV=PQ$ ) the M represents \_\_\_\_\_
- A. quantity of money available for government spending.  
B. monetary value of output.  
C. quantity of money supply.  
D. quantity of money available for consumption.
46. The measure of economic growth that is based on evaluation of the trend behaviour of Aggregate Expenditure is \_\_\_\_\_
- A. nominal measurement of growth  
B. real output growth rate.  
C. growth measured in per capita income.  
D. growth in physical equality.

47. The total demand for goods and services in an economy is known as \_\_\_\_\_

- A. complementary demand.
- B. derived demand.
- C. composite demand.
- D. aggregate demand.

48. Which of the following occurs when equilibrium in the economy is at a level below the potential output?

- A. Inflationary gap.
- B. Expenditure gap.
- C. Recessionary gap.
- D. Output gap.

49. The major aspect of the Keynesian revolution is the shift of emphasis from \_\_\_\_\_

- A. supply side to demand side.
- B. government control to private control.
- C. fiscal policy to monetary policy.
- D. government expenditure to borrowing.

50. Which of these schools of thought believe that aggregate demand is influenced by some economic decisions and sometimes behave erratically?

- A. Monetarists.
- B. Keynesians.
- C. Classicals.
- D. Neo-Classicals.

## CHECK YOUR ANSWERS

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# JUPEB ECONOMICS PAST QUESTIONS (PT.3)

## SECTION A:

### MULTIPLE CHOICE QUESTIONS

Answer ALL Questions

Time Allowed: 3 Hours

1. Which of the following is constant on the typical indifference curve?

- A. average utility
- B. marginal utility
- C. fixed utility
- D. total utility

2. In economics, the mathematical expression between two or more variables is known as \_\_\_\_\_

- A. equality
- B. identity
- C. equation
- D. variable

3. A perfectly inelastic supply curve is \_\_\_\_\_

- A. a straight vertical line
- B. a straight horizontal line
- C. an upward sloping line
- D. a downward sloping line

4. What is public good?

- A. A good whose consumption by one individual does not reduce the amount available for others.
- B. A good whose consumption by one individual reduces the amount available for others.
- C. A good in which it is impossible for two persons to consume it together at the same time.
- D. A good in which price is the main determinant of its consumption.

5. Which of the following is most likely to have inverse relationship?

- A. Price and quantity supplied
- B. Income and quantity consumed
- C. Taxes and quantity bought
- D. Taxes and quantity demanded

6. When an increase in the price of steel causes an increase in the production of cars, then supply is \_\_\_\_\_

- A. complementary
- B. composite
- C. competitive
- D. derived

7. A good whose consumer purchases more as its price declines can be described as \_\_\_\_\_

- A. inferior good
- B. giffen good
- C. ostentatious good
- D. normal good

8. A firm declares normal profit of N400. If the owner invests N5000 and interest rate on bond is 10%, this means that the firm \_\_\_\_\_

- A. should continue to produce and invest in bond
- B. should discontinue production and invest in bond

C. is making economic profit and investing in bond  
D. is a sole trader who invests in bond

9. In calculating cross price elasticity of demand, which of these statements is true?

- A. The latter involves two commodities while the former is one commodity
- B. The former involves two commodities while the latter is one commodity
- C. The latter requires income of the consumer while the former does not
- D. The former requires income while the latter does not

10. In practice, government usually levy taxes on \_\_\_\_\_

- A. merit goods
- B. social goods
- C. private goods
- D. demerit goods

11. At the profit-maximizing level of output, \_\_\_\_\_

- A.  $\frac{\Delta\pi}{\Delta Q} = 0$
- B.  $\frac{\Delta\pi}{\Delta Q} > 0$
- C.  $\frac{\Delta\pi}{\Delta Q} < 0$
- D.  $\frac{\Delta\pi}{\Delta Q} = 1$

12. Bread and water are said to be jointly demanded, if the increase in price of bread makes the \_\_\_\_\_

- A. quantity demanded for water to rise
- B. quantity demanded for water to fall
- C. price of water to rise
- D. price of water to fall

13. All Chinese are racists, Dr Yeung is a Chinese and therefore, he is a racist. This statement is \_\_\_\_\_

- A. inductive reasoning
- B. deductive reasoning
- C. positive statement
- D. normative statement

14. A perfectly competitive firm is preferred to a monopolist because the perfect competitor \_\_\_\_\_

- A. produces more output than monopolist
- B. charges less price than monopolist
- C. makes less profit than monopolist
- D. improves welfare more than monopolist

15. The liquidity preference hypothesis was introduced by \_\_\_\_\_

- A. Adam Smith
- B. Alfred Marshall
- C. David Ricardo
- D. John Maynard Keynes

16. An increase in national income is likely to \_\_\_\_\_

- A. decrease exports
- B. decrease savings
- C. decrease investment
- D. increase imports

17. Which of the following is the major source of government revenue in Nigeria?

- A. Fines
- B. Foreign grants
- C. Loans
- D. Taxes

18. Optimum population is attained when \_\_\_\_\_

- A. population is greater than resources and technology
- B. population is less than resources and technology
- C. population matches natural resources and technology
- D. population is greater than natural resources and technology

19. Which of the following types of unemployment is caused by changes in technology?

- A. Frictional unemployment
- B. Structural unemployment
- C. Cyclical unemployment
- D. Seasonal unemployment

20. Using the income method of computing the National Income of a country, which of the following is excluded?

- A. Value added tax
- B. Net wages and salaries
- C. Transfer payments
- D. Interest and dividends earned

21. The following are negative effects of inflation EXCEPT \_\_\_\_\_

- A. increase in real income
- B. discouragement in lending
- C. borrowers' gain
- D. value of import may increase

22. Aggregate demand curve shifts to the left when there \_\_\_\_\_

- A. are income tax cuts
- B. is fall in interest rates
- C. is increase in domestic inflation
- D. is discovery of new resources

23. Which of the following falls with increase in income?

- A. MPC – MPS
- B. MPS – MPC
- C. MPC
- D. MPS

24. The purchase of government bonds from the public in the open market by the Central Bank of Nigeria will \_\_\_\_\_

- A. increase the supply of money
- B. increase the interest rate
- C. increase the discount rate
- D. decrease the reserve requirement

25. Which of the following equations describe an open economy?

- A.  $Y = C+I+G+X$
- B.  $Y = C+I+G+X+M$
- C.  $Y = C+I+S+G$
- D.  $Y = C+I+S+M$

26. International trade is different from internal trade because of the \_\_\_\_\_

- A. manufactured goods involved
- B. currency differential
- C. homogeneity of prices
- D. heterogeneity of prices

27. As income level increases from N500 to N1000, consumption increases from N700 to N1000. The marginal propensity to consume is \_\_\_\_\_

- A. 1.10
- B. 0.80
- C. 0.60
- D. 0.50

28. One reason for requiring commercial banks to maintain balances with Central Bank of Nigeria is that these balances \_\_\_\_\_

- A. provide the maximum amount of reserves a bank would ever need in operation of banks
- B. give the Central Bank of Nigeria more control over the money-creating operations of banks



C. ensure that banks do not make excessive profits in their operations

D. assist the treasury in refinancing government debt for banking operations

29. Balance of Payments is also known as \_\_\_\_\_

A. balance of credit

B. balance of international payment

C. balance of goods and services

D. balance of deficit

30. The money whose face value is equal to its intrinsic value is called \_\_\_\_\_

A. credit money

B. paper money

C. standard money

D. token money

31. Balance of Payments deficit account may be financed by the following EXCEPT \_\_\_\_\_

A. selling investments overseas

B. decreasing the assets of foreigners

C. borrowing from foreign government

D. using the country's foreign reserves

32. The level of economic development is low in Nigeria because \_\_\_\_\_

A. planning has no practical relevance

B. of the pattern of consumers' spending

C. the country is over-populated

D. of ineffective plan implementation

33. The conversion of private properties into public one is known as \_\_\_\_\_

A. state accumulation

B. localisation

C. nationalisation

D. federalisation

34. Human capital refers to \_\_\_\_\_

- A. the acquisition of plant and equipment by workers
- B. the amount of financial investment made by individuals
- C. the labour force required for sustained economic growth
- D. the education and experience of the working force

35. In a situation where two countries A and B produce two goods Rice and Beans respectively with 100units of labour each. Country A produces 50 tons of Rice and 30 tons of Beans and country B produces 70 tons of Rice and 30 tons of Beans. If country B were to consider the theory of comparative advantage, what would be her decision?

- A. Specialize in the production of Beans
- B. Specialize in the production of Rice
- C. Specialize in the production of both goods

D. Interchange the production of both goods

36. The business cycle flows in one of the following sequences.

- A. Prosperity – Recession – Depression – Recovery
- B. Prosperity – Depression – Recession – Recovery
- C. Recession – Depression – Recovery – Prosperity
- D. Recovery – Recession – Depression – Recovery

37. When an economy devalues its currency, the value of its exports becomes \_\_\_\_\_

- A. smaller
- B. larger
- C. cheaper
- D. expensive

38. A country's GDP is N50bn. Its current account balance is 8% of GDP, and capital and financial account balance is N4bn. What are

the country's balances on net errors and omissions?

- A. N2billion
- B. N0billion
- C. N8billion
- D. N4billion

39. Which economic growth theory advocated for massive investment in several industries simultaneously?

- A. Balanced growth
- B. Dualism
- C. Neoclassical theory
- D. Schumpeterian theory

40. If Nigeria increases tariffs on most foreign goods, then \_\_\_\_\_

- A. Nigeria standard of living would be higher
- B. more foreign goods would be purchased by Nigerians
- C. prices of domestic goods would increase
- D. prices of domestic goods would decrease

41. Identify one of the following that fits into the components of aggregate expenditure.

- A. Interest rate
- B. Consumption
- C. Wealth
- D. Fiscal policy

42. OPEC is an international organisation known for \_\_\_\_\_

- A. instigating wars
- B. creating platforms for economic policies
- C. coordinating petroleum policies
- D. financing developmental projects

43. Natural rate of unemployment is defined as the unemployment that \_\_\_\_\_

- A. occurs due to insufficient demand
- B. makes inflation stable
- C. give equilibrium level of output
- D. occurs due to mismatch in skills

44. The following are objectives of Development Plans EXCEPT \_\_\_\_\_

- A. to increase the employment rate
- B. to attract foreign investments
- C. to ensure balanced growth of all sectors of the economy
- D. efficient utilization of available resources

45. Moses lost his computer engineering job when it was outsourced to a company abroad. After looking unsuccessfully for several months for another job, he gave up and returned to school to receive training to become a physical therapist. Moses is classified as \_\_\_\_\_

- A. structurally unemployed in the labour force
- B. unemployed in the labour force
- C. underemployed in the labour force
- D. not in the labour force

46. Which one of the following exhibits market based supply side policy?

- A. Nationalisation of private assets
- B. Promotion of monopoly and cartel laws
- C. Embargo on oversea trade and investment
- D. Reducing red tape to cut the cost of doing business

47. If over the past 12 months, prices of goods and services increased by 10 percent, population by 3 percent and nominal national income by 12 percent, then \_\_\_\_\_

- A. real national income has increased
- B. real income per capita has decreased
- C. real income per capita has increased
- D. real national income has decreased

48. Which of the following is NOT a cost of long-run economic growth?

- A. An increase in working hours of the population
- B. An increase in inflation
- C. An increase in environmental degradation
- D. A greater inequality in the distribution of income

49. If the output produced by a country in a year is valued at N7.5 billion, a GDP growth rate at 1.3 percent per annum and employees at work at 150 million. Evaluate the labour productivity.

- A. 65
- B. 50
- C. 38
- D. 20

50. Assume a government increases the salaries of her work force and that led to rise in the general price level. What measure will be most appropriate to solve the problem?

- A. Increase production
- B. Wage control
- C. Increase importation
- D. Reduce tax

## CHECK YOUR ANSWERS

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# JUPEB ECONOMICS PAST QUESTIONS (PT.2)

## SECTION A:

### MULTIPLE CHOICE QUESTIONS

Answer ALL Questions

Time Allowed: 3 Hours

1. All of the following describes condition 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

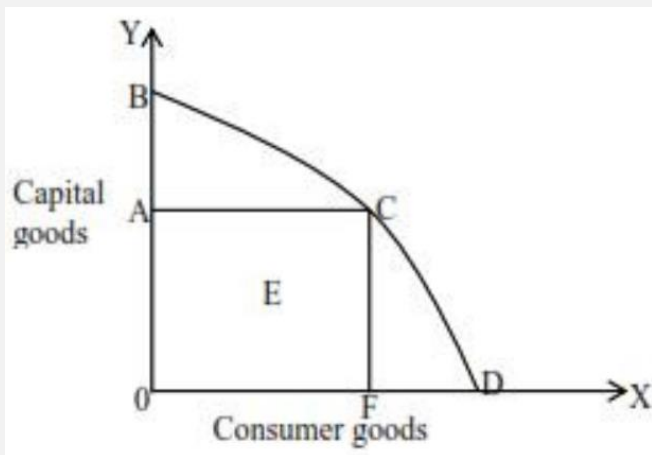
3. Economics is often described as a science because \_\_\_\_\_

- A. employs the use of laboratory equipment
- B. engages accurate prediction of human beings
- C. makes use of controlled experiments
- D. uses scientific methods to explain observed phenomena

4. When a generalisation 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 product will be consumed
- D. less of another product will be consumed

10. When a kilogram of carrot is N8.00, 20 kilograms are demanded and when the price decreased to N6.00 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 part of the theory

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

<b>A.</b>	40%
<b>B.</b>	50%
<b>C.</b>	33%
<b>D.</b>	36%

Which type of economy exist 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 cannot be used to close deflationary gap.

A. Increase government expenditure

B. Reduction in taxes

C. Increased money supply

D. Increased interest rates

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. demand pull

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 barrier
- B. political barrier
- C. customs barrier
- D. language barrier

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 a 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 fall
- C. Actual investment has fallen
- D. Average propensity to invest has fallen

28. Which of the following would not be a reason for the 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 the terms of trade
- C. both countries could gain from trade at the same time, but term of trade is inconsequential to the distribution of the gains
- D. neither country could ever gain from trade since term of trade is dependent of the distribution of 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. community 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 + 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 belong to active labour force?

A. 0-17 years

B. 15-25 years

C. 65 years and above

D. 18-64 years

46. Classical model 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

## CHECK YOUR ANSWERS

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# JUPEB ECONOMICS PAST QUESTIONS (PT.1)

## SECTION A:

### MULTIPLE CHOICE QUESTIONS

Answer ALL Questions

Time Allowed: 3 Hours

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 macroeconomics?

- 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.  $\frac{\Delta C}{\Delta Y_d}$
- B. Coefficient c in the equation  $C = C + cY_d$
- 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?

- A. Japan.
- B. China.
- C. Germany.
- D. United States

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



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