

WAEC

ECONOMICS objective

Past questions

(PT. 1-7)

For both: SSCE & GCE

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WAEC ECONOMICS OBJECTIVE QUESTIONS (PT.1)

SECTION A

1. The following are examples of Economic goods except.

- A. bottled water
- B. air
- C. household utensils
- D. shelter

2. A tent-making factory offers _____

- A. personal services
- B. indirect services
- C. social services
- D. reflex services

3. In which of the following economic systems do we have mostly private ownership of resources and individual decision making?

- A. capitalist system
- B. socialist system
- C. mixed system
- D. traditional system

4. The sum of items divided by the number of items is the _____

- A. frequency
- B. mean
- C. median
- D. mode

5. Find the median of the following set of scores 8, 9, 6, 5, 10.

- A. 9
- B. 8
- C. 6
- D. 5

6. Which of the following causes the demand curve to shift to the right?

- A. a reduction in the size of population
- B. an increase in the income of the buyer
- C. the availability of substitute
- D. a decrease in price of the goods

7. Goods for which demand rises as income rises are ____

- A. complementary goods
- B. inferior goods
- C. normal goods
- D. substitutes

8. The slope of a supply curve is ____

- A. horizontal
- B. uniform
- C. positive
- D. vertical

9. Equilibrium price is the price at which quantity ____

- A. demanded is greater than quantity supplied
- B. supplied is greater than quantity demanded
- C. demanded is equal to quantity supplied
- D. supplied is equal to quantity produced

10. A decrease in supply with demand remaining unchanged will cause the equilibrium price for a good to ____

- A. be unchanged
- B. remain elastic
- C. remain inelastic
- D. rise

11. At the highest level of total utility, marginal utility is ____

- A. negative
- B. positive and falling
- C. positive and rising
- D. zero

12. The law of diminishing marginal utility states that, the more a commodity is consumed, the ____

- A. higher the satisfaction derived from an additional unit
- B. higher the price to be paid
- C. lower the quantity supplied
- D. lower the rate of increase in total utility derived

13. Greater interdependence among workers in production is associated with ____

- A. utility
- B. manufacturing
- C. division of labour
- D. factory works

14. If TC, FC and VC represent Total Cost, Fixed Cost and Variable Cost respectively, which of the following is correct?

- A. $TC = FC - VC$
- B. $FC = TC + VC$
- C. $TC > FC = VC$
- D. $TC = FC + VC$

15. The reward to land as a factor of production is ____

- A. profit
- B. rent
- C. interest
- D. wage

16. A firm is said to be a public stock company when it ____

- A. is owned by the government
- B. sells its shares to members of the public
- C. operates as a government corporation
- D. is not legally recognized as a firm

17. All the following are sources of finance to a joint stock company except.

- A. debentures
- B. cooperative loans
- C. shares
- D. bank loans

18. The public sector of an economy includes ____

- A. cooperative societies
- B. nationalized industries
- C. joint stock companies
- D. pressure group

19. One advantage of the sole-proprietorship over other forms of business organisations is that it can ____

- A. make very high profits
- B. employ many workers
- C. keep its affairs private
- D. produce on a very large scale

20. Which of the following is obtainable in a perfect market?

- A. $P = MR > AR$
- B. $MP = MC > P$
- C. $MR < P$
- D. $P = MR = MC$

21. The wholesaler performs the following functions except.

- A. breaking the bulk
- B. offering credit facilities to customers
- C. financing manufacturers
- D. buying in bulk from manufacturers

22.

Age group	1983
0 - 15	30%
16 - 40	27%
41 - 60	25%
61 and above	18%

The table shows the age distribution of Country A in 1983. Using the data in the table, calculate the percentage of working population in 1983.

- A. 48%
- B. 52%
- C. 57%
- D. 70%

23. A country whose population size is too small relative to its resources is ____

- A. over populated
- B. optimally populated
- C. under populated
- D. producing the optimum output

24. An efficient weapon used in resolving disputes between employers and employees is ____

- A. cooperation
- B. collective bargaining
- C. display of placards
- D. legal action

25. Which of the following does not explain why a school principal earns more salary than a school messenger?

- A. length of training
- B. demand and supply
- C. cost of training
- D. the messenger is a non-teaching staff

26. The role of government in promoting agricultural development includes the following except

- A. paying the wages of all farmers
- B. establishing and funding research
- C. formulation of policies
- D. provision of rural infrastructure

27. The following are advantages of large scale agriculture except

- A. use of simple implements
- B. use of sophisticated implements
- C. increase in employment

D. integration of crop and animal farming

28. The following are all factors determining the location of industry except.

- A. minimum wage rate
- B. availability of labour
- C. nearness to raw materials
- D. proximity to market

29. Which of the following is not a concept in National Income accounting?

- A. Domestic National Product (DNP)
- B. Gross National Product (GNP)
- C. Gross Domestic Product (GDP)
- D. Net Domestic Product (NDP)

30. Which of the following equations is appropriate for determining the Net Domestic Product (NDP)?

- A. $NDP = GNP - \text{depreciation}$

B. $NDP = GDP + \text{Net Income from abroad}$

C. $NDP = GDP - \text{depreciation}$

D. $NDP = GDP \times \text{Net Income from abroad}$

31. Which of the following overestimates the value of national income?

A. incomplete statistical data

B. wrong timing of computation

C. changes in price of goods within the year

D. double counting

32. The total stock of money available for use in an economy is _____

A. a function of money

B. a characteristic of money

C. the demand of money

D. the supply of money

33. Which of the following is not the reason for holding money?

A. ostentation

B. speculation

C. transaction

D. precautionary

34. The best way of combating demand-pull inflation is to _____

A. increase income taxes

B. reduce income taxes

C. increase import duties

D. increase salaries and wages

35. In which of the following ways has inflation adversely affected your country's economy?

A. increase in money supply

B. a fall in real income

C. appreciation in the value of money

D. increased employment

36. Which of the following is a legal tender?

A. bank notes

B. bank overdrafts

C. bills of exchange

D. money order

37. The central bank controls money supply through all the following except.

- A. lending to public
- B. bank rate
- C. legal reserve requirements
- D. open market operation

38. One of the functions of Central Bank is ____

- A. production of goods
- B. issuing of currency
- C. presenting budgets
- D. printing of chequebooks

39. The function of Central Bank as the lender of last resort means that when all other sources fail, _____

- A. the consumer can always borrow money from the central bank
- B. the government can ask the central bank to print more money
- C. commercial banks can raise loans from the central bank

D. commercial banks can deposited money with the central bank

40. One disadvantage of direct taxes is that they ____

- A. allocate scarce resources
- B. are not rigid
- C. can be progressive
- D. can be evaded

41. Excise duty is levied on ____

- A. the total population
- B. local products
- C. luxury goods
- D. the working population

42. A component of the national debt of a country is ____

- A. taxation
- B. bank saving
- C. the budget
- D. treasury bills

43. When the demand for a goods is fairly inelastic, the burden of an indirect tax falls ____

- A. more on the consumers of the good
- B. more on the sellers of the good
- C. on the sellers and consumers equally
- D. completely on the capital

44. *Dumping* means the selling of a good in a foreign market at a price that is ____

- A. below the home market price
- B. above the home market price
- C. equal to the home market price
- D. able to clear the home market

45. Which of the following group of accounts make up the *balance of payments*?

- A. the current account; multiple account and capital account
- B. monetary movement account; company account and international account

- C. cash account; double entry account and current account
- D. capital account; current account and monetary movement account

46. A country's balance of payments is in deficit when ____

- A. a country's payment for imports of invisible goods are greater than her receipts from exports of invisible goods
- B. the total receipt from her export of visible and invisible goods are greater than her payments for visible and invisible imports
- C. it can record a surplus on a current account of her balance of payment accounts
- D. the total payments for visible and invisible exports are greater than the total receipts from her exports of visible and invisible goods

47. In order to stabilize oil price in the world market, there is the need for OPEC members to ____

- A. always have budget deficit
- B. encourage competition among themselves
- C. adhere to production quotas
- D. fix the prices for non-oil products

48. Which of the following is not a member of the Economic Community of West African States (ECOWAS)?

- A. Cape Verde
- B. Mauritania
- C. Cameroon
- D. Niger

49. Which of the following is not a type of economic integration?

- A. customs market
- B. common market
- C. economic union
- D. free trade area

50. Which of the following is not an international economic organization?

- A. Economic Commission for Africa (ECA)
- B. African Development Bank (ADB)
- C. World Health Organization (WHO)
- D. International Monetary Fund (IMF)

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WAEC ECONOMICS OBJECTIVE QUESTIONS (PT.2)

SECTION A

1. Human wants are ____

- A. limited
- B. scarce
- C. unlimited
- D. in grades

2. The difference between the money cost and the real cost of any item is that ____

- A. real cost is the alternative forgone while the money cost is the actual amount paid for buying the item
- B. the real cost is the opportunity cost, while the money cost is the marginal cost
- C. money cost is the opportunity cost, while the real cost is the actual cost in monetary terms
- D. money cost is always greater than real cost

3. The Production Possibility Curve (PPC) indicates that as more of one good is produced ____

- A. less of the other good is produced
- B. the same quantity of the other good is produced
- C. more of the other good is produced
- D. none of the other goods is produced

4. An arrangement of data in rows and columns is referred to as a ____

- A. graph
- B. bar chart
- C. pie chart
- D. table

5. A normal demand curve slopes ____

- A. downward from left to right
- B. upwards from right to left
- C. downwards from right to left
- D. upwards from left to right

6. The co-efficient of income elasticity of demand for inferior goods is ____

- A. positive
- B. equal to one
- C. less than one
- D. negative

7. If a 20% rise in the price of Whiskey leads to a 30% increase in quantity demanded for Schnapps, the cross elasticity of demand is ____

- A. 3.0
- B. 2.5
- C. 2.3
- D. 1.5

8. Palm oil and palm kernel have ____

- A. competitive supply
- B. excess supply
- C. joint supply
- D. composite supply

9. A supply curve which is vertical has an elasticity co-efficient of ____

- A. 0
- B. 0.5
- C. 1.5
- D. 2

10. If the current price of an apple is twice that of last year, it implies that the value of money is ____

- A. stable
- B. falling
- C. rising
- D. getting stronger

11. Price fixed above the equilibrium is to ____

- A. protect agricultural producers
- B. discourage agricultural producers
- C. lower the prices of agricultural produce
- D. favour consumers

12. Consumers purchasing a commodity X will maximize his satisfaction if ____

- A. $P_x = MU_x$
- B. $P_x \geq MU_x$
- C. $P_x > MU_x$
- D. $P_x < MU_x$

13. When total utility is constant, it means marginal utility is ____

- A. increasing
- B. zero
- C. decreasing
- D. one

14. A rational consumer is one who ____

- A. spends his income to maximize satisfaction
- B. is not influenced by advertisement
- C. behaves in a particular way all the time
- D. knows the price of all goods and buys the cheapest

15. Which of the following is not true about land?

- A. the supply is fixed
- B. land is mobile
- C. it is subject to diminishing return
- D. land is heterogeneous

16. The type of production that involve the tapping and harnessing of natural resources is ____

- A. primary production
- B. secondary production
- C. tertiary production
- D. industrial production

17. Which of the following does not change in the short run?

- A. variable cost
- B. marginal cost
- C. total cost
- D. fixed cost

18. The resources used in production are called ____

- A. variable inputs
- B. factors of production
- C. capital for production
- D. fixed inputs

19. A firm will shut down in the long run if its earning is ____

- A. less than normal profit
- B. greater than normal profit
- C. equal to super normal profit
- D. less than super normal profit

20. A market structure where profit is maximized when marginal revenue, marginal cost are equal is known as ____

- A. perfect competition
- B. monopoly
- C. oligopoly
- D. imperfect competition

21. In which of the following markets does a firm have power to make super normal profits both in the short run and long run?

- A. monopoly

- B. duopoly
- C. oligopoly
- D. monopsony

22. If there are no barrier to entering a market, it means that ____

- A. anyone can become a buyer or seller
- B. unwanted goods can always enter the market
- C. the market becomes a dumping ground
- D. the goods are not inspected

23. A firm's main aim is to ____

- A. survive in business
- B. maximize profits
- C. increase its market share
- D. satisfy the ambitions of its manager

24. One good reason for the elimination of middlemen is that they ____

- A. cause increase in price

- B. help in price stability
- C. grade and blend goods
- D. are too many

25. The increase in population growth in big cities is referred to as ____

- A. settlement
- B. migration
- C. industrialization
- D. urbanization

26. Frictional unemployment can be reduced by ____

- A. encouraging the use of retraining schemes
- B. removing barriers to labour mobility
- C. restraining the introduction of new technology
- D. lowering the level of wages paid to young people

27. If the labour force of a country is 2.5 million and 2 million are employed, what is the unemployment rate?

- A. 0.2%
- B. 20%
- C. 200%
- D. 250%

28. The grouping of population according to the economic activities people engage in is ____

- A. age distribution
- B. sex distribution
- C. geographical distribution
- D. occupational distribution

29. Natural growth rate of a population can be defined as ____

- A. difference between birth rate and death rate
- B. number of births in a year
- C. increase in the population growth in a year
- D. difference between the total population and the death rate

30. Which of the following is not a consequence of increased unemployment?

- A. a fall in tax revenue for the government
- B. a reduction in trade union's influence
- C. a fall in the death rate
- D. an increase in the labour force

31. The following are features of subsistence agriculture except

- A. little capital
- B. processing of raw materials
- C. small allotments of land
- D. use of crude implements

32. Which of the following is not true of small companies? They _____

- A. cannot benefit from economies of scale
- B. a good source of new jobs
- C. can satisfy demand in specialist markets
- D. have a good record of technical innovations

33. The effect of privatization on the industrial sector of a country is that _____

- A. ensures efficiency
- B. discourages efficiency
- C. leads to decrease in output
- D. leads to liquidation

34. The production strategy used in an over populated country is _____

- A. import substitution
- B. capital intensive
- C. labour intensive
- D. first come first employed

35. National Income is used to measure _____

- A. a country's population size
- B. a country's economic growth
- C. the human level of development
- D. the flow of imports to a country

36. A tax is regressive if the _____

- A. rate of tax is constant at all levels of income
- B. rate of tax decreases as income increases
- C. rate of tax increases as income increases
- D. tax is direct rather than indirect

37. When a country's net income from abroad is added to its total output, the result is ____

- A. gross domestic product
- B. net national product
- C. gross national product
- D. net domestic product

38. A fall in national output will necessitate ____

- A. a rise in expenditure on imports
- B. a rise in the level of savings
- C. an increase in consumption expenditure
- D. a rise in the standard of living

39. The demand for money to take advantage of changes in bond price is the ____

- A. unforeseen motive
- B. transaction motive
- C. speculative motive
- D. precautionary motive

40. Cost push inflation is caused by a ____

- A. rise in the cost of production
- B. decrease in the transportation cost
- C. rise in demands for goods
- D. decrease in the cost of production

41. Deposits held in a commercial bank are part of ____

- A. money supply
- B. transfer payments
- C. ordinary shares
- D. treasury bills

42. One profitable form of business undertaken by the commercial banks is ____

- A. the issuing of cheques
- B. the payment of standing order
- C. lending money to borrowers
- D. accepting cheques from customers

43. When government wants to discourage consumption, they tax goods whose demand is ____

- A. price inelastic
- B. abnormal in nature
- C. price elastic
- D. normal in nature

44. A rise in government expenditure can lead to ____

- A. higher inflation
- B. higher unemployment
- C. lower profits for industries
- D. lower importation of raw materials by industries

45. Tariff is used to protect domestic industries by making foreign goods relatively ____

- A. cheaper in the domestic market
- B. more expensive in the domestic market
- C. more expensive in the international market
- D. cheaper in the international market

46. The process of increasing the real per capita income and effecting changes in various sectors of the economy is known as ____

- A. economic acceleration
- B. economic development
- C. economic integration
- D. economic growth

47. Development plans in West Africa tend to deviate from their targets mainly due to ____

- A. political instability

- B. lack of manpower
- C. high population growth rate
- D. low level of education

48. The balance of trade is ____

- A. an annual statement showing transaction within a country
- B. the relationship between a country's visible exports and imports
- C. the relationship between a country's receipt from visible and invisible trade
- D. an account that shows a country's payment to another country

49. As one of the instrument of commercial policy, quota is ____

- A. a qualitative restriction on imports
- B. a normal restriction on imports
- C. a quantitative restriction on imports
- D. an outright prohibition of imports

50. The full meaning of IMF is ____

- A. International Military Force
- B. International Monetary Fund
- C. International Mortgage Fund
- D. International Monetary Financing

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SECTION A

1. Which of the following problems arises where there are more than one technically possible methods of production?

- A. where to produce
- B. for whom to produce
- C. how to produce
- D. what to produce

2. *Visible balance* is also known as _____

- A. terms of trade
- B. balance of payments
- C. balance of trade
- D. capital balance

3. A shift in the demand curve indicates _____

- A. exceptional demand
- B. change in demand
- C. change in quantity demanded
- D. elasticity of demand

4. If a 6% decrease in price results in more than 6% decrease in quantity supplied, supply can be regarded as _____

- A. elastic
- B. unitary elastic
- C. perfectly inelastic
- D. perfectly elastic

5. A condition for consumer utility maximization is _____

- A. equality of the ratio of marginal utilities and the ratio of prices
- B. equality of the ratio of average utilities and the ratio of prices
- C. equality of the marginal utility to total utility of both commodities
- D. total utility and marginal utility must be zero

6. Which of the following best describes the Mode? The _____

- A. observation with the highest frequency

- B. average of two middle numbers
- C. items that occupy the middle position
- D. difference of two extreme values

7. Where a commodity takes an insignificant proportion of the consumer's income, demand for it will be ____

- A. unitary elastic
- B. price inelastic
- C. fairly elastic
- D. income inelastic

8. A demand schedule shows the quantities of goods that are ____

- A. bought at given prices at a time
- B. supplied at given prices at a time
- C. produced at given prices at a time
- D. reserved for future consumption

9. The demand curve for a commodity is downward sloping because the consumer will pay ____

- A. less as the marginal utility falls
- B. more as the marginal utility falls
- C. less as the total utility falls
- D. more as the average utility falls

10. A decrease in the demand for product X resulted in a decrease in demand for another product Y. The demand for X and Y is ____

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

11. Any price below the equilibrium price will lead to ____

- A. increase in supply
- B. excess demand
- C. equality of demand and supply
- D. decrease in demand

12. The allocation of goods and services in a free market economy is performed by ____

- A. the price system
- B. the banking system
- C. the central planning body
- D. government budgets

13. Given the demand function $Q_d = 20 - \frac{1}{2}P$. What is Q_d when P is \$12?

- A. 6 units
- B. 10 units
- C. 12 units
- D. 14 units

14. If a particular consumer derives total utility of 22 units having consumed 4 units of a given product, his average utility will be ____

- A. 88 utils
- B. 18 utils
- C. 5.5 utils
- D. 3.5 utils

15. The law of diminishing marginal utility applies to a ____

- A. firm which minimizes cost
- B. consumer who maximizes satisfaction
- C. producer who maximizes marginal product
- D. consumer who minimizes total utility

16. Why is the law of diminishing returns a short run phenomenon?

- A. all inputs are fixed
- B. all inputs are variable
- C. some outputs are variable
- D. some inputs are variable

17. Which of the following is capable of increasing the population of a country?

- A. decrease in death rate
- B. increase in death rate
- C. poor medical facilities
- D. decrease in birth rate

18. In the firm's production process, marginal cost _____

- A. falls continuously throughout
- B. falls and later rises
- C. remains unchanged throughout
- D. rises and later falls

19. If a firm's price is less than average cost but more than average variable cost, the firm is covering _____

- A. all of its fixed cost and variable cost
- B. all of its fixed cost and part of its variable cost
- C. all of its variable cost and part of its fixed cost
- D. part of its fixed cost and part of its variable cost

20. An arrangement in which the debt of a company can only be paid from its own assets implies _____

- A. unlimited liability
- B. transferred liability

- C. limited liability
- D. capital liability

21. One reason why small scale businesses are very common in West Africa is that _____

- A. they can easily float shares
- B. their management boards are easily formed
- C. their initial capital is easy to raise
- D. their dividend payments are very regular

22. A public limited company could finance its operations through _____

- A. government taxes
- B. equity shares
- C. dividend payments
- D. import duties

23. The factor of production which takes the initiative in combining resources for production is known as _____

- A. capital
- B. land
- C. entrepreneur
- D. labour

24. The type of monopoly that develops as a result of granting patent right is known as ____

- A. natural monopoly
- B. state monopoly
- C. legal monopoly
- D. discriminating monopoly

25. Which of the following markets determines its own price or output?

- A. perfect market
- B. common market
- C. monopoly market
- D. commodity market

26. Which of the following is a function of a retailer?

- A. banking services
- B. hoarding services
- C. storage services

- D. sales services

27. The difference between the number of immigrants and emigrants is ____

- A. natural growth rate
- B. natural increase
- C. net migration
- D. census

28. All the following are features of optimum population except.

- A. full employment of available resources
- B. unlimited amount of unexploited resources
- C. maximum per capita production and income
- D. high standard of living

29. The financial institution that specializes in risk spreading is called ____

- A. an investment bank
- B. a development bank
- C. an insurance company

D. the stock exchange

30. The following are means of reducing the population of a country except encouraging ____

- A. emigration
- B. family planning
- C. early marriage
- D. sex education

31. Which of the following features best describes peasant agriculture in West Africa? It ____

- A. specializes in the production of one crop
- B. involves the use of small farm holdings
- C. is a capital-intensive system of farming
- D. is mostly associated with tree crops

32. One of the problems facing industrial development in West African countries is ____

- A. inadequate large market

B. inadequate infrastructure

C. inadequate supply of labour

D. unavailability of natural resources

33. In a situation where the finished product of an industry is fragile, bulky and perishable, such an industry should be located close to its ____

- A. raw materials
- B. market
- C. labour supply
- D. power supply

34. If Y = income, C = consumption, I = investment, X = export, M = import, then national income is ____

- A. $Y = C - I + (x+m)$
- B. $Y = C + I + (x+m)$
- C. $Y = C + I + (x-m)$
- D. $Y = C + I + (m-x)$

35. The national income is the ____

- A. Gross Domestic Product at market prices
- B. Gross National Product at factor cost
- C. Net National Product at factor cost
- D. Net National Product at market prices

36. When depreciation is deducted from Gross National Product, the result is ____

- A. total national income
- B. gross domestic product
- C. net national product
- D. net domestic product

37. Mr. Okpoti has meat and wants maize, while Mr. Adama has maize and wants meat. A transaction is possible because of ____

- A. joint demand
- B. scale of preference
- C. double coincidence of wants
- D. opportunity cost

38. Which of the following is not a form of money?

- A. coins
- B. bank notes
- C. bank balance
- D. bank deposit

39. A price index as a statistic, measure ____

- A. how the value of money changes over time
- B. the volume of currency in the economy
- C. the exchange rate of a country's currency
- D. the composition of goods and services

40. The difference between birth rate and death rate is known as ____

- A. demographic transition
- B. natural growth rate
- C. migration rate
- D. fertility rate

41. In open market operations, what the Central Bank buys or sells are ____

- A. shares
- B. debentures
- C. securities
- D. equities

42. The following are reasons for the failure of agricultural policies in West Africa except.

- A. vague policy statements
- B. negation of policies
- C. creation of agro-service stations
- D. provision of obsolete implements

43. A situation in which the estimated government revenue is less than the proposed expenditure for a given year can be described as ____

- A. surplus budgeting
- B. supplementary budgeting
- C. balanced budgeting

D. deficit budgeting

44. An excise tax is imposed on goods ____

- A. smuggled into the country
- B. manufactured locally
- C. imported into the country
- D. seized by custom officials

45. Which of the following will not retard economic development in West Africa?

- A. dependence on import
- B. population control
- C. high level of illiteracy
- D. low level of savings

46. When there is improvement in a country's terms of trade, it means that the country's ____

- A. exports are cheaper relative to imports
- B. imports are cheaper relative to exports
- C. volume of imports have declined

D. volume of exports have declined

47. Which of the following is true about import substitution? It ____

- A. helps in increasing exportation
- B. is meant to reduce exportation
- C. enables a country to curtail importation
- D. enables a country to improve on importation

48. Balance of Payments problem can be corrected through ____

- A. increasing foreign reserves
- B. increasing domestic borrowing
- C. import promotion strategies
- D. export promotion strategies

49. One of the reasons why government may erect a trade barrier is to ____

- A. control foreign currencies
- B. protect infant countries
- C. promote importation
- D. diversify the economy

50. Which of the following is not a function of the West African Development Bank?

- A. promotion of both private and public investments in member states
- B. financing and executing projects in member states
- C. promotion of social development in member states
- D. harmonizing of oil prices to the advantage of member states

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SECTION A

1. The action of government to forgo road construction in order to provide more health facilities denotes ____

- A. sound economic decision
- B. opportunity cost
- C. practicable government policy
- D. scale of preference

2. In economics, a market is defined as any ____

- A. agreement made for consumers to buy all they need
- B. agreement to sell commodities at low prices
- C. agreement made for producers to sell all their goods
- D. arrangement whereby the buyers and sellers are in contact

3. Which of the following is not a function of an insurance company?

- A. pooling resources together against risk
- B. mobilization of funds through premiums collected
- C. encouragement of investment by security of capital
- D. collection of deposits from the public for investment

4. A debenture holder earns ____

- A. commission
- B. profits
- C. fixed interests
- D. quasi-rent

5. All economic system must decide what to produce because ____

- A. resources are not available
- B. consumers want maximum satisfaction
- C. resources are limited in supply
- D. producers want maximum profits

6. Trade between two countries is known as ____

- A. bilateral trade
- B. unilateral trade
- C. multilateral trade
- D. internal trade

7. In the balance of payments of a country, tourism is classified under ____

- A. capital account
- B. invisible trade
- C. merchandise trade
- D. official reserves

8. General rise in the price level induced by increased price of inputs is referred to as ____

- A. runaway inflation
- B. cost-push inflation
- C. demand-pull inflation
- D. imported inflation

9. Which of the following is a function of merchant banks?

A. acting as banker's bank

B. lending to commercial banks as a last resort

C. controlling inflation in the economy

D. underwriting and issuing of shares

10. Demand is elastic when percentage change is ____

A. quantity demanded is greater than percentage change in price

B. price is greater than percentage change in quantity demanded

C. price is equal to one

D. quantity demanded is zero

11. A budget is balanced when total revenue is ____

A. greater than expected expenditure

B. less than total expenditure

C. equal to expected expenditure

D. greater than total expenditure

12. A co-operative society is a _____

- A. finance house
- B. self-help business organization
- C. public corporation
- D. non-democratic business organization

13. The value of money is affected by the _____

- A. speculative motive
- B. price level
- C. precautionary motive
- D. intervention of development banks

14. Which of the following is a function of money?

- A. medium of communication
- B. measure of securities
- C. store of wealth
- D. discounting bills of exchange

15. Which of the following is an asset of a commercial bank?

- A. reserve funds
- B. shareholder's capital
- C. customer's deposits
- D. treasury bills

16. An increase in the supply of commodity X automatically results in an increase in the supply of another commodity Y. This is a case of _____

- A. elastic supply
- B. joint supply
- C. exceptional supply
- D. competitive supply

17. Why would an individual increase his level of consumption during inflationary periods?

- A. the real value of any amount saved falls over time
- B. interest rates are generally low
- C. there are varieties of goods to buy
- D. Wages and salaries stagnate during inflation

18. The type of monopoly that develops as a result of uneven distribution of resources is called _____

- A. legal monopoly
- B. natural monopoly
- C. state monopoly
- D. international monopoly

19. A major disadvantage of partnership form of business is that _____

- A. every partner has to be conducted during decision-making
- B. partners could be too friendly with their customers
- C. affairs can be kept private
- D. partners could take long holidays

20. Goods which have to be paid for are known as _____

- A. physical goods
- B. economic goods
- C. free goods
- D. intangible goods

21. Goods are said to be in competitive demand when they are _____

- A. substitutes
- B. complementary
- C. jointly demanded
- D. identical

22. In the long run, factors of production are considered to be _____

- A. at maximum
- B. fixed
- C. variable
- D. increasing

23. Which of the following will shift the demand curve for cocoa to the right?

- A. an increase in consumers' income
- B. a rise in the price of cocoa
- C. a tax on cocoa producers
- D. a fall in the quantity demanded of cocoa

24. An agricultural production process which uses more machinery relative to labour is referred to as ____

- A. large-scale farming
- B. capital intensive farming
- C. commercial farming
- D. land intensive farming

25. Which of the following will enhance productivity in an economy?

- A. the use of obsolete capital
- B. technological change
- C. expansion of land under cultivation
- D. an increase in the labour force

26. Post-harvest losses in West African countries can be reduced if ____

- A. the land tenure system could be reformed
- B. more irrigation schemes could be provided

C. better storage facilities could be provided

D. erosion is controlled

27. Which of the following best explains what to produce?

- A. how much goods are to be produced
- B. the combination of resources to be used
- C. which goods and services to be produced
- D. how many wants are to be satisfied

28. The demand for money is described as a ____

- A. competitive demand
- B. joint demand
- C. derived demand
- D. composite demand

29. Which of the following is the main outcome of a trade union's interference with the wage rate? Wages are ____

- A. lowered but more employment opportunities are created
- B. lowered but employment level remains unchanged
- C. increased and employment levels are unchanged
- D. increased but employment levels are reduced

30. The introduction of tariffs and quotas ____

- A. reduce the prices of imports
- B. increase the demand for locally made goods
- C. discourage domestic industries from becoming more efficient
- D. reduce the prices of locally made goods

31. A government that wants to get more revenue will increase the tax on commodities with a ____

- A. high price elasticity of demand
- B. low price elasticity of demand
- C. high income elasticity of demand

- D. low income elasticity of demand

32. Which of the following is involved in the money market?

- A. building society
- B. development banks
- C. commercial banks
- D. stock exchange

33. Demand-pull inflation can aptly be described as ____

- A. inflation induced by rising cost of production
- B. reduction in government expenditure
- C. persistent rise in prices due to increase in expenditure
- D. massive importation of goods from a country with hyperinflation

34. In order to develop the banking habit of rural dwellers, the traditional money lenders should be ____

- A. proscribed

- B. legalized
- C. subsidized
- D. heavily taxed

35. All rates of interest in a country are influenced by the ____

- A. bank rate
- B. population growth rate
- C. wage rate
- D. mortgage rate

36. Exchange control is a weapon used in regulating ____

- A. barter trade
- B. stock exchange
- C. foreign trade
- D. internal trade

37. When the marginal product is negative, the total product will be ____

- A. constant
- B. at a maximum
- C. increasing
- D. decreasing

38. Physical productivity is affected by all the under listed factors **except** the ____

- A. state of technology
- B. quantity of inputs
- C. quality of inputs
- D. price of output

39. If a commodity has a high marginal utility, its market price would be ____

- A. stable
- B. high
- C. zero
- D. constant

40. Price fluctuation is a feature of ____

- A. common market
- B. imperfect market
- C. supermarkets
- D. market failure

41. Which of the following statements is not a feature of a monopoly?

- A. seller is allowed to fix his own price
- B. buyers and sellers are price takers
- C. new entrances are restricted
- D. there is only one seller of the commodity

42. The following are advantages of sole-proprietorship except.

- A. quick and easy decision-making
- B. keeping its business affair private
- C. assurance of raising huge capital for expansion
- D. high level of commitment

43. Which of the following controls a limited liability company?

- A. the general manager
- B. the managing director
- C. tax payers
- D. the board of directors

44. Given that $Q_d = 80 - 2p$, where Q_d is quantity demanded and P is price, what quantity will be demanded when the price (P) is \$3

- A. 86 units
- B. 80 units
- C. 76 units
- D. 74 units

45. Which of the following can be used to calculate the price elasticity of demand?

- A. $\frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}}$
- B. $\frac{\% \text{ change in price}}{\% \text{ change in quantity demanded}}$
- C. $\frac{\% \text{ change in quantity demanded}}{\% \text{ change in income}}$
- D. $\frac{\% \text{ change in income}}{\% \text{ change in quantity demanded}}$

46. The main advantage of large scale production is that ____

- A. unit cost of production falls
- B. decision-making is quick
- C. worker-management relationship is improved

D. the quality of the product increases

47. Which of the following items is not included in measuring national income by the income approach?

- A. profits of companies
- B. rents on property
- C. students' grants and scholarships
- D. wages and salaries of public servants

48. Gold, diamond, iron ore and limestone are collectively referred to as ____

- A. human resources
- B. mineral resources
- C. artificial resources
- D. forest resources

49. Points outside a production possibility curve indicate ____

- A. unattainable production levels
- B. attainable production levels

C. inefficient but attainable production levels

D. optimum production levels

50. The International Bank for Reconstruction and Development (IBRD) is important to developing nations because it ____

- A. gives aid for defence
- B. offers loans for public projects
- C. offers aid to finance private projects
- D. gives loans for legal proceedings

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SECTION A

1. Human wants are unlimited because ____

- A. production is inadequate
- B. resources have alternative uses
- C. new wants always arise
- D. resources are limited

2. A basic economic problem of any society is ____

- A. high level of illiteracy
- B. irregular power supply
- C. population growth
- D. resource allocation

3. In a centrally planned economy, what to produce is ____

- A. determined by the forces of demand and supply
- B. driven by profit motive
- C. determined by consumers
- D. the responsibility of state's bureaucrats

4. Which of the following is related to resource allocation in an economy?

- A. how to produce
- B. what to produce
- C. for whom to produce
- D. efficient use of inputs

5. Which of the following is not a feature of socialism?

- A. collective ownership of productive resources
- B. freedom of enterprise
- C. production is not based on the profit motive
- D. maximization of public welfare

6. Households make economic decisions because they want to ____

- A. make more profits
- B. increase their salaries and wages
- C. increase their purchases
- D. maximize their satisfaction

7. State-owned enterprises are more common in ____

- A. centrally planned economies
- B. mixed economies
- C. capitalist economies
- D. developed economies

8. A normal supply curve has a positive slope which indicates that ____

- A. sellers are willing to sell more at a lower price
- B. sellers are indifferent to prices
- C. sellers are willing to sell more at a higher price
- D. there is always a fixed supply

9. To control inflation, the central bank of a country may adopt ____

- A. an expansionary monetary policy
- B. a restrictive monetary policy
- C. an increased wage policy
- D. a deficit financing policy

10. Disposable income is the income earned ____

- A. by the nationals of a country resident within the country
- B. from productive activities of nationals of a country both at home and abroad
- C. when personal income tax is deducted from personal income
- D. when the gross income of an individual is added to personal income tax

11. Livestock production in West Africa is hindered mainly by ____

- A. inadequate demand
- B. use of traditional implements
- C. land tenure system
- D. pests and diseases

12. The components of a three-sector economy are ____

- A. banks, schools and hospitals
- B. workers, producers and marketers

C. households, firms and the government

D. producers, retailers and wholesalers

13. A declining population is one in which the population is ____

A. experiencing a high rate of emigration

B. made up of large number of old people

C. not producing enough goods

D. not contributing to the national income

14. Which of the following agencies help to stabilize farmer's income?

A. local government authorities

B. trade unions

C. marketing boards

D. cooperative organisations

15. Other things being equal, an increase in supply will lead to ____

A. a fall in price and an increase in quantity bought and sold

B. an increase in price and increase in quantity bought and sold

C. a fall in price and fall in quantity bought and sold

D. an increase in quantity supplied and demanded only

16. Examples of joint stock banks are ____

A. commercial banks

B. co-operative credit societies

C. central bank

D. development banks

17. Which of the following is not a characteristic of a developing country? High ____

A. real per capita income

B. level of primary production

C. population growth rate

D. level of illiteracy

18. Goods consumed out of habit have ____

- A. elastic demand
- B. perfectly elastic demand
- C. inelastic demand
- D. unitary elastic demand

19. Which of the following items is not a recurrent expenditure?

- A. building of schools and colleges
- B. maintenance of school buildings
- C. payment of teachers' salaries
- D. purchase of stationeries for examinations

20. If the co-efficient of price elasticity of demand is 0.1, demand is ____

- A. elastic
- B. inelastic
- C. zero elastic
- D. unitary elastic

21. The profit of a producer is the difference between ____

- A. total cost and marginal cost
- B. total revenue and total cost

- C. average cost and total cost
- D. price and total cost

22. The rate of increase in utility is ____

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

23. The supply of tea is linearly presented as $P = 0.2Q$, where P is price and Q is quantity. What is P when Q is 25?

- A. \$0.08
- B. \$5.00
- C. \$25.02
- D. \$125

24. Increase in supply due to changes in plant size will take place only in the ____

- A. normal time
- B. long run
- C. market period
- D. short run

25. The long-run average cost curve is made up of several short run _____

- A. marginal and average cost curves
- B. average cost curves
- C. average variable cost curves
- D. average variable and total cost curves

Use the table below to answer questions 26 and 27

X	2	3	4	5
F	2	5	2	1

26. From the table, the mean of the distribution is _____

- A. 2.2
- B. 2.5
- C. 3.2
- D. 4.5

27. What is the median of the distribution?

- A. 5
- B. 4

C. 3

D. 2

28. Co-operative societies formed to market the output of their members are called _____

- A. consumers' cooperative societies
- B. wholesale cooperative societies
- C. credit and thrift cooperative societies
- D. producers' cooperative societies

29. Money will serve as a standard of deferred payment if it is _____

- A. homogeneous
- B. durable
- C. easily recognized
- D. stable in value

30. Due to increase in price, a seller increases the quantity offered for sale from 400 units to 450 units. What is the percentage change in quantity supplied?

- A. 1%
- B. 7.5%
- C. 12.5%
- D. 20%

31. Which of the following will increase the normal value of national income?

- A. high rate of inflation
- B. increase in the value of money
- C. increase in import
- D. high rate of subsistence production

32. Cyclical unemployment is one associated with ____

- A. inadequate information
- B. trade fluctuation
- C. structural changes
- D. seasonal changes

33. Which of the following best defines inflation?

- A. cyclical increase in prices
- B. periodic increase in prices
- C. persistent increase in prices

D. occasional increase in prices

34. Perfect knowledge of event in a perfect market will be made possible by the existence of ____

- A. many buyers and sellers
- B. homogeneous products
- C. means of communication
- D. large number of traders

35. An increase in the price of a commodity from \$10 to \$15 leads to an increase in the quantity supplied from 10 units to 15 units. The price elasticity of supply is ____

- A. 0
- B. 0.5
- C. 1
- D. 5

36. Economic development may be hindered if there is ____

- A. a high pool of skilled labour
- B. a high rate of economic growth
- C. political stability

D. rapid population growth

37. Which of the following types of unemployment results from changes in the pattern of aggregate demand?

- A. technological unemployment
- B. structural unemployment
- C. frictional unemployment
- D. seasonal unemployment

38. Which of the following is not a reason countries import goods?

- A. differences in natural endowments
- B. the law of absolute advantage
- C. differences in taste
- D. the love for other nations

39. Provision of short-term loans to solve balance of payments problems is done by the ____

- A. International Finance Corporation
- B. International Monetary Fund

C. International Bank for Reconstruction and Development

D. African Development Bank

40. West African countries are experiencing worsening terms of trade because ____

- A. they are primary consumers
- B. their currencies are overvalued
- C. they import less machines
- D. they are tertiary producers

41. Which of the following statements is correct?

- A. as total utility increases, the marginal utility also increases
- B. the marginal utility is always zero whenever the total utility reaches the maximum
- C. the total utility is at maximum whenever marginal utility is at its maximum
- D. there is no relationship between total utility and marginal utility

42. A change in the quantity demanded of a given commodity is determined by the ____

- A. size of the population
- B. income of the consumer
- C. price of the commodity
- D. taste and fashion

43. The likely implication of the devaluation of a country's currency is that ____

- A. exports of such a country becomes cheaper
- B. importation of goods in such a country becomes cheaper
- C. the value of such a country's currency rises
- D. foreign goods are attracted into the country

44. International trade is desirable because it ____

- A. may lead to overproduction
- B. brings about over-dependence of countries on one another

C. provides foreign markets for local goods

D. brings about unhealthy competition and rivalries

45. A financial institution established for the purpose of providing specialized services like acceptance of bill of exchange and equipment leasing is known as ____

- A. merchant bank
- B. development bank
- C. central bank
- D. insurance company

46. Which of the following functions of money is mostly affected during inflation?

- A. medium of exchange
- B. unit of account
- C. store of value
- D. standard of deferred payment

47. Precautionary motive for holding money is to ____

- A. meet daily and regular transaction
- B. take advantage of changes in the prices of goods and services
- C. cover unforeseen events
- D. cover expenses on house rent

48. Which of the following measures will not encourage industrialization in West Africa?

- A. taking over all forms of industries by the government
- B. provision of social infrastructure
- C. giving tax incentives especially to infant industries
- D. using tariffs to discourage the use imported items

49. The concentration of many firms of a particular industry in a particular area is known as ____

- A. location of industry
- B. amalgamation of industries
- C. localization of industries
- D. nationalization of industry

50. Which of the following is not an effect of the discovery of mineral resources in an area?

- A. increase in wealth
- B. overcrowding
- C. increase in crime rate
- D. under-population

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SECTION A

1. Economics is regarded as a science because it ____

- A. studies laws that governs human behaviour
- B. uses scientific method to explain human behaviour
- C. makes use of controlled experiments to explain human behaviour
- D. makes use of machines to study human behaviour

2. Which of the following cannot be described as land?

- A. forest
- B. diamond
- C. road
- D. crude oil

3. An outward shift of the production possibility curve shows that ____

- A. production is shifting to the right

- B. resources are under-utilized
- C. economic growth has taken place
- D. factors of production are moving outward

4. The following constitute the criteria for identifying an economic system except

- A. ownership of resources
- B. scarcity of resources
- C. method of decision-making
- D. motivation for production

5. A disadvantage of the mean as a measure of central tendency is that it ____

- A. is affected by extreme values
- B. can only be used for continuous data
- C. cannot be used to measure the qualities of a production
- D. cannot be determined in grouped data

6. Which of the following is not an effect of many middlemen in the chain of distribution?

- A. shortage of commodities
- B. low retail prices
- C. hoarding of goods
- D. high retail prices

7. If the price of flour rises, then bread's ____

- A. demand curve will shift to the left while supply curve will shift to the right
- B. supply curve will shift to the left
- C. supply curve will shift to the right
- D. demand curve will shift to the right while supply curve remains unchanged

8. Which of the following is not a reason for abnormal demand?

- A. price of the commodity
- B. goods of ostentation
- C. giffen goods

D. rare commodity

9. Increase in production subsidies will shift ____

- A. the demand curve to the left
- B. the supply curve to the right
- C. both the supply and demand curves to the left
- D. the supply curve to the left and the demand curve to the right

10. The market supply curve slopes upward from left to right indicating that ____

- A. producers pay high taxes
- B. two commodities can be supplied at the same time
- C. at a lower price, less is supplied
- D. at a lower price, more is supplied and demanded

11. Government revenue will increase if taxes are levied on goods with ____

- A. perfectly elastic demand

- B. fairly elastic demand
- C. perfectly inelastic demand
- D. unitary elastic demand

12. If a given change in price brings about a proportionately larger change in quantity demanded, then ____

- A. demand is relatively price elastic
- B. demand is relatively price inelastic
- C. price elasticity of demand is unitary
- D. price elasticity of demand is constant

13. If the price of a commodity Z falls and a consumer buys less of it, then commodity Z is ____

- A. necessity
- B. good of ostentation
- C. giffen good
- D. normal good

14. In order to calculate Total Utility (TU) from given levels of

Marginal Utility (MU), one has to ____

- A. subtract MU from TU
- B. add MU from the various levels
- C. multiply Mu by the initial TU
- D. divide current MU by previous MU

15. Which of the following will not affect the market price of a commodity?

- A. increase in demand
- B. changes in taste
- C. intersection of demand and supply
- D. increase in supply

16. All the following are methods of determining prices except.

- A. maximum pricing
- B. rationing
- C. minimum pricing
- D. auctioning

17. The law of diminishing returns relates to ____

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

18. By adding all the marginal products at each level of employment of the variable input, we obtain a value equal to ____

- A. average product
- B. total product
- C. average variable cost
- D. total cost

19. Total cost is obtained by ____

- A. adding up the marginal cost at each level
- B. dividing the total cost by output at each level
- C. adding up the average variable cost at each level
- D. adding up the average variable cost and total cost

20. Which of the following cost curve is not U-shaped? The ____

- A. marginal cost curve
- B. average fixed cost curve
- C. average total cost curve
- D. average variable cost curve

21. Which of the following business organizations is likely to experience disagreements between management and shareholders?

- A. co-operative society
- B. sole trader
- C. partnership
- D. joint-stock company

22. Which of the following is not a method of controlling monopoly?

- A. preventing mergers
- B. indigenization
- C. privatization
- D. imposing high profit tax

23. Which of the following features distinguishes a public limited company from a private limited company?

- A. perpetual existence
- B. limited liability
- C. legal entity
- D. sale of shares to the public

24. Inflation may occur if there is _____

- A. excess supply over demand
- B. increase in productivity
- C. excessive demand with limited supply
- D. increased government spending in a depressed economy

25. Frictional unemployment occurs when _____

- A. there is a change in the technique of production
- B. job seekers lack information where jobs exist
- C. bad weather prevents work from progressing
- D. job seekers have disabilities

26. Which of the following will increase the demand for labour?

- A. increased wage rate
- B. labour's demand for output
- C. low wage rate
- D. low marginal productivity of labour

27. One reason for low agricultural productivity in most West African countries is that _____

- A. farmers are not capable for cultivating cash crops
- B. it does not provide income to farmers with large families
- C. farmers find it difficult getting help from financial institutions

28. The movement of labour from one grade to an entirely different grade is an example of _____

- A. industrial labour mobility
- B. horizontal occupational mobility
- C. vertical occupational mobility
- D. geographical mobility

29. Ten bags of wheat bought for \$50 by a flour miller were sold for \$65. What is the value added tax

payable by the flour miller if the tax rate is 15%

- A. \$7.50
- B. \$3.75
- C. \$2.25
- D. \$0.75

30. Which of the following is not a strong basis for trade union's demand for higher wages? The _____

- A. company is making higher profits
- B. productivity of the workers has increased
- C. members of the union have higher qualification
- D. commodity produced by the workers is very essential

31. The difference between the gross domestic product (GDP) and the gross national product (GNP) is _____

- A. depreciation
- B. transfer payment

- C. net income from abroad
- D. direct taxes

32. Location of firms of an industry is not influenced by _____

- A. availability of raw materials
- B. existence of other firms
- C. nearness to the source of money supply
- D. government policy

33. In national income accounting, the term **net** is used to indicate that a value _____

- A. includes income of foreigners
- B. excludes income of citizens
- C. includes depreciation
- D. excludes depreciation

34. Which of the following best describes token money?

- A. money in the vaults of commercial banks
- B. currency and coins in circulation

- C. money with face value higher than its material content
- D. coins and notes made of poor quality materials

35. An industry is best described as ____

- A. firms that sells a set of closely related commodities
- B. a factory that produce different lines of products
- C. a group of firms that sell a closely related products
- D. industrial concern that is into production and selling of goods

36. In developing countries, a larger percent of the labour force is employed in the ____

- A. trade sector
- B. tertiary sector
- C. primary sector
- D. secondary sector

37. The main item traded on a stock exchange market is ____

- A. treasury bills
- B. traveller's cheques
- C. foreign currencies
- D. new shares

38. The proportion of commercial banks total assets kept in the form of highly liquid assets is known as ____

- A. demand deposit
- B. fixed deposit
- C. cash ratio
- D. moral suasion

Use the information contained in the table above to answer questions 39 and 40

<i>EXPECTED REVENUE</i>	
ITEMS	AMOUNT (\$)m
<i>Rents and royalties</i>	<i>75.00</i>
<i>Company income tax</i>	<i>150.00</i>
<i>Customs and excise duties</i>	<i>300.20</i>
<i>Personal income tax</i>	<i>80.00</i>
<i>Fees and fines</i>	<i>60.80</i>
<i>Value added tax</i>	<i>100.00</i>

39. What is the total revenue from indirect tax?

- A. \$686.00 m
- B. \$400.20 m
- C. \$135.80 m
- D. \$100.00 m

40. What is the total revenue from non-tax sources?

- A. \$400.20 m
- B. \$375.20 m
- C. \$135.80 m
- D. \$75.00 m

41. Which of the following is not an objective of economic planning? Its ____

- A. need to direct economic development of the country towards the direct direction
- B. desire to ensure a sustained structural development of the country
- C. desire to widen the gap between developing countries and the developed world
- D. management of scarce resources in the face of unlimited wants of the citizens

42. In order to control inflation, the government should ____

- A. reduce the cost of borrowing
- B. buy securities in the open markets
- C. adopt restrictive monetary policy
- D. discourage savings

43. When the demand for foreign exchange exceeds its supply, the value of the domestic currency ____

- A. appreciates
- B. depreciates
- C. remains unchanged
- D. expands

44. The exports of West African countries are mainly composed of ____

- A. services
- B. raw materials
- C. manufactured goods
- D. consumer goods

45. A conscious effort of government to achieve a specific set of goals is ____

- A. economic planning
- B. economic development
- C. economic growth
- D. economic target

46. A country has favourable terms of trade when the prices of her ____

- A. exports rise relative to the prices of imports
- B. exports fall relative to prices of imports
- C. imports rises faster than the prices of exports
- D. imports and exports move in the same direction

47. The abolition of all forms of trade barriers among member countries while maintaining common external tariffs against non-members is a feature of a ____

- A. free trade
- B. customs union
- C. common market
- D. economic union

48. In order to correct adverse balance of payment problem, government should ____

- A. reduce tariffs
- B. increase subsidies on exports
- C. increase tax on local industries
- D. reduce personal income tax

49. Which of the following is a benefit to a member country of the World Bank?

- A. easy access to long-term loans
- B. management of foreign exchange
- C. mediating in labour disputes
- D. financing balance of payment deficit

50. Which of the following is an objective of OPEC? To ____

- A. prevent fluctuation in prices of all commodities
- B. protect the economic interest of all countries
- C. control the level of output of oil
- D. discover oil in other countries

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SECTION A

1. Human wants are insatiable because wants are _____

- A. limited while means are scarce
- B. unlimited and means are also unlimited
- C. limited and means are also limited
- D. unlimited while means are scarce

2. Scale of preference is important for the following reasons **except** in _____

- A. satisfying wants
- B. making rational choice
- C. making optimum allocation of resources
- D. using scarce resources efficiently

3. In a socialist economy, prices of commodities are determined by _____

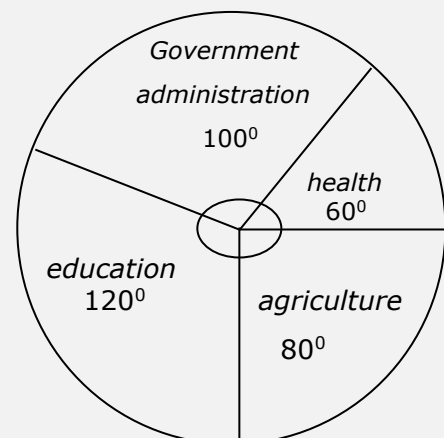
- A. forces of demand and supply

- B. producers of the commodities
- C. the central planning authority
- D. consumers who are sovereign

4. Which of the following cannot be classified as land in economics?

- A. Bauxite deposit on the ground
- B. A lake used for irrigation
- C. A bulldozer for clearing farm land
- D. Grazing field for cattle

A country's budget allocation to various sector of the economy is shown in the pie chart below. Use it to answer questions 5 and 6.



5. If the budget of the country was \$7,200.00, how much is allocated to Education?

- A. \$2,400.00
- B. \$2,000.00
- C. \$1,200.00
- D. \$1,000.00

6. What is the ratio of expenditure on health to agriculture?

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

7. The demand curve for a necessity is usually _____

- A. vertical
- B. backward bending
- C. horizontal
- D. negatively sloped

8. What effect will an increase in price have on the on the total revenue of a firm whose product

has inelastic demand? Total revenue will _____

- A. increase
- B. fall
- C. fluctuate
- D. remain unchanged

9. If the quantity of men's hat demanded per week is represented by the function $Qd = 20 - \frac{1}{3}p$, where P is price, how many hats are demanded when the price is \$9.00?

- A. 11
- B. 17
- C. 23
- D. 47

10. The demand for torch and batteries is an example of _____

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

11. Price elasticity of supply measures how responsive _____

- A. consumers are to a change in price
- B. sellers are to a change in buyer's income
- C. sellers are to a change in price
- D. buyers are to a change in income

12. The tendency of workers to value their leisure hours more than hours of work as wage rate increases gives rise to _____

- A. positively sloping supply curve
- B. perfectly elastic supply curve
- C. backward bending supply curve
- D. perfectly inelastic supply curve

13. The supply of rice in tons is given by the function: $Q_s - 80 - 0.7P = 0$, where $Q_s =$ Quantity Supplied, $P =$ Price in Dollars (\$). Find Q_s when $P = \$40$.

- A. 108 tons
- B. 52 tons

- C. -52 tons
- D. -108 tons

14. How does producers' expectation of a price fall affect the supply curve of a product? There will be _____

- A. a movement along the curve
- B. a leftward shift
- C. no shift of the supply curve
- D. a shift to the right

15. One relationship between marginal utility and total utility is that when total utility is _____

- A. rising, marginal utility is rising
- B. falling, marginal utility is negative
- C. maximum, marginal utility is maximum
- D. falling, marginal utility is rising

16. A shift in the supply curve to the right while the demand curve remains the same will cause equilibrium price _____

- A. and quantity to fall
- B. and quantity to rise
- C. to rise and quantity to fall
- D. to fall and quantity to rise

17. A price floor results in _____

- A. excess demand
- B. excess supply
- C. parallel market
- C. hoarding of goods

18. An entrepreneur is encouraged to adopt division of labour in production because it _____

- A. provides more employment opportunities
- B. leads to increased output and lower cost of production
- C. brings about equal cost and employment opportunities
- D. leads to increased cost of production and lower output

19. The long run is a period when _____

- A. only the variable factor can be altered
- B. all factors become variable
- C. the firm will cease to exist
- D. only the fixed factor can be altered

20. The necessary condition for a firm to be in equilibrium is that marginal revenue is _____

- A. greater than marginal cost
- B. equal to marginal cost
- C. less than average revenue
- D. equal to average cost

21. At which stage of production should a firm shut down? When _____

- A. $AVC = ATC$
- B. $AVC < Price$
- C. $AVC > Price$
- D. $AVC = MC$

22. Charging different prices for the same commodity is a feature of a _____

- A. perfect competition
- B. commodity market
- C. monopolistic competition
- D. monopoly market

23. In a partnership, the conduct of members is guided by _____

- A. a memorandum of understanding
- B. the articles of partnership
- C. an article of association
- D. a partnership constitution

24. Indigenization policy is a measure aimed at _____

- A. privatizing the existing businesses owned by the state
- B. commercializing state-owned businesses
- C. reducing foreign economic domination
- D. making the indigenes managing directors of businesses

25. Which of the following measures will hinder efficient distribution of goods in West Africa?

- A. Improving road networks
- B. Provision of adequate storage facilities
- C. Instituting price control
- D. Formation of producers' cooperative societies

26. The type of unemployment that occurs as a result of physical or mental disability of labour is known as _____

- A. frictional unemployment
- B. structural unemployment
- C. cyclical unemployment
- D. residual unemployment

27. One feature of a growing population is _____

- A. increase in the number of young people
- B. increase in the number of old people
- C. decrease in the dependent population
- D. decrease in the life expectancy

28. Efficiency of labour in a country is determined by the following factors except the _____

- A. social attitude to work
- B. education and training
- C. working conditions of workers
- D. total population

29. Which of the following will encourage capital intensive farming?

- A. Encouraging communal system of land ownership
- B. Adopting policies that will encourage rural-urban migration
- C. Provision of subsidies on equipment
- D. Restrictive lending policies by banks

30. Which of the following best explains why more foreign investments are not attracted to West Africa?

- A. Small population size
- B. Small sizes of market place

C. Instability in political and industrial policies

D. Lack of manpower needed to work in industries

31. Location of firms in rural areas may _____

A. enable the firm to enjoy existing infrastructural facilities

B. make finance readily available

C. enhance even or balance development

D. make such firm enjoy external economies of scale

32. In national income accounting, double counting occurs when _____

A. intermediate goods are counted twice

B. intermediate goods are counted with the final goods

C. final goods are counted more than once

D. different people count the product

33. The difference between *GDP* and *GNP* is _____

- A. consumption of fixed capital
- B. indirect business tax
- C. net factor income from abroad
- D. public transfer payment

34. Which of the following items is **not** included in the national income using the income approach?

- A. Wages and salaries
- B. Government purchases
- C. Interest
- D. Dividend

35. A bank note is said to be a legal tender because it is _____

- A. printed by government
- B. a store of value
- C. signed by the head of state
- D. backed by law

36. During inflation, interest rate will _____

- A. rise
- B. fluctuate
- C. remain constant
- D. fall

37. Cost-push inflation is likely to arise when _____

- A. there is an increase in bank lending
- B. there is an increase in subsidies
- C. demand for higher wages is granted
- D. there is a decrease in bank lending

38. Which of the following financial institutions **cannot** be found on the capital market of a country?

- A. Commercial bank
- B. Mortgage bank
- C. Stock exchange
- D. Agricultural bank

39. The stock market is a market for _____

- A. new and second-hand shares
- B. debentures
- C. goods and services
- D. short-term securities

40. Indirect taxes are generally _____

- A. progressive
- B. regressive
- C. equitable
- D. proportionate

41. Fiscal policy that can control inflation will include the use of _____

- A. balanced budgeting
- B. tax holidays
- C. budget deficit
- D. budget surplus

42. Which of the following is a cause of under-development in West Africa?

- A. Availability of manpower
- B. Increasing population
- C. High rate of capital formation

D. Large size of market places

43. Which of the following is **not** a major problem of development planning?

- A. Shortage of skilled manpower
- B. Inadequate data for planning
- C. Political instability
- D. Poor identification of projects

44. The principle of comparative cost advantage was propounded by _____

- A. David Ricardo
- B. Alfred Marshal
- C. J.S. Mill
- D. Adam Smith

45. The rate at which a country's exports is exchanged for her imports is _____

- A. trade balance
- B. balance of payment
- C. terms of trade
- D. balance of current account

46. Balance of payment surplus implies that receipts for exports are _____

- A. at par with payments for imports
- B. greater than payments for imports
- C. less than payments for imports
- D. proportional to payments for imports

47. When the international value of a country's currency rises, other things being equal, the country's _____

- A. net exports tend to increase
- B. imports tend to decrease
- C. net exports tend to decrease
- D. exports tend to be stable

48. One of the physical measures that can be used to reduce the volume of imports is the _____

- A. reduction of personal income tax
- B. removal of import duties

- C. use of foreign exchange control
- D. liberalisation of credit for importers

49. When a number of countries agree to remove all trade barriers among themselves and at the same time charge a common tariff against non-member countries, it is known as _____

- A. free trade area
- B. common market
- C. customs union
- D. economic community

50. Which of the following international organisations is concerned with the stabilization of the balance of payment?

- A. International Monetary Fund (*IMF*)
- B. World Bank (*IBRD*)
- C. United Nations Organisation (*UNO*)
- D. Economic Commission for Africa (*ECA*)

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