

S 271/1 June
S.S.C.E. 1994
ECONOMICS 1
Objective Test
45 minutes

1

**THE WEST AFRICAN EXAMINATIONS COUNCIL
NIGERIA**

Senior School Certificate Examination

ECONOMICS 1

June 1994

OBJECTIVE TEST

45 minutes

Do not open this booklet until you are told to do so. While you are waiting, read the following instructions carefully.

1. Use HB pencil throughout.
2. If you have got a blank answer sheet, complete the top section of it as follows.
 - (a) In the space marked *Name*, write in capital letters your **surname** followed by your **other names**.
 - (b) In the spaces marked *Examination*, *Year*, *Subject* and *Paper*, write 'S.S.C.E.', '1994 June', 'ECONOMICS' and '1', respectively.
 - (c) In the box marked *Index Number*, write down your **index number** vertically in the spaces on the left-hand side. There are numbered spaces in line with each digit. Shade carefully the space with the same number as each digit.
 - (d) In the box marked *Subject Code*, write down the digits 271012 in the spaces on the left-hand side. Shade the corresponding numbered spaces in the same way as for your index number.
 - (e) In the box marked *Sex*, shade the space marked *M* if you are male, or *F* if you are female.
3. If you have got a pre-printed answer sheet, check that the details are correctly printed, as described in 2 above. In the boxes marked *Index Number*, *Subject Code* and *Sex*, **reshade** each of the shaded spaces.
4. An example is given below. This is for a *male* candidate, whose **name** is Kayode Olusola AKINDELE, whose **index number** is 41230068, and who is offering *Economics 1*.

THE WEST AFRICAN EXAMINATIONS COUNCIL

PRINT IN BLOCK LETTERS

Name: AKINDELE KAYODE OLUSOLA Examination: S.S.C.E. Year: 1994 June
Surname Other Names

Subject: ECONOMICS Paper: 1

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Indicate your sex by shading the space marked M (for Male) or F (for Female) in this box:

M F

For Supervisors only
If candidate is absent shade this space:

- INSTRUCTIONS TO CANDIDATES**
1. Use grade HB pencil throughout.
 2. Answer each question by choosing one letter and shading it like this: A B C D E
 3. Erase completely any answers you wish to change.
 4. Leave extra spaces blank if the answer spaces provided are more than you need.
 5. Do not make any markings across the heavy black marks at the right hand edge of your answer sheet.

Answer **all** the questions.

Each question is followed by five options lettered A to E. Find out the correct option for each question and shade **in pencil** on your answer sheet the answer space which bears the same letter as the option you have chosen. Give only **one** answer to each question. An example is given below.

Economics as a field of study can be classified as

- A. a physical science.
- B. a social science.
- C. a pure science.
- D. an arts subject only.
- E. an applied science.

The correct answer is a social science, which is lettered B, and therefore answer space B would be shaded.

| A |

| ~~B~~ |

| C |

| D |

| E |

Think carefully before you shade the answer spaces; erase completely any answers you wish to change.

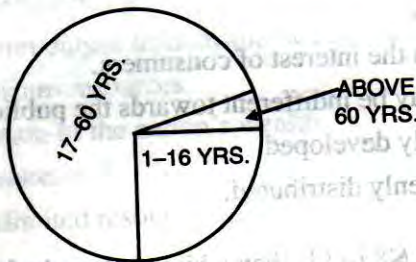
Do all rough work on this question paper.

Now answer the following questions.

1. The definition of Economics as 'the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses' was given by
 - A. Adam Smith.
 - B. David Ricardo.
 - C. Lionel Robbins.
 - D. Thomas R. Malthus.
 - E. Robert Giffen.
2. The concept of *economic efficiency* primarily implies
 - A. obtaining the maximum output from available resources at the lowest possible cost.
 - B. conserving our petroleum resources.
 - C. equity in the distribution of the nation's wealth.
 - D. producing without waste.
 - E. the limited wants-unlimited resources dilemma.
3. Which of the following is true of NEPA as a public corporation in Nigeria? It is
 - A. a solar energy distributor.
 - B. organized in a perfectly competitive market.
 - C. a duopoly.
 - D. a monopolistically competitive industry.
 - E. a monopoly.

4. A situation of *full employment* exists when
- A. every adult is employed.
 - B. all adults who can work are employed.
 - C. all persons who have attained the age of 15 years and above are employed.
 - D. only the disabled are not employed.
 - E. all those who are able and eligible to work are employed.
5. Which of the following functions of money makes it possible for any person to provide for old age?
- A. Medium of exchange
 - B. Store of value
 - C. Measure of value
 - D. Unit of account
 - E. Standard for deferred payments
6. The primary objective of the Agricultural Credit Guarantee Scheme is the provision of
- A. guarantee for loans granted by banks for agricultural purposes.
 - B. agricultural inputs to facilitate credit from banks.
 - C. agricultural products for banks to guarantee credit.
 - D. loans for every farmer.
 - E. agricultural products for farmers.
7. Which of the following is **not** an advantage of localization of industries?
- A. Enjoyment of external economies
 - B. Development of a pool of skilled labour for the industry
 - C. Development of subsidiary industries
 - D. Development of organized markets
 - E. Growth of conurbation
8. Which of the following is **not** an advantage of government ownership of enterprises?
- A. More capital is provided.
 - B. Pricing policy may be in the interest of consumers.
 - C. Government workers may be indifferent towards the public.
 - D. Infrastructures are rapidly developed.
 - E. Income may be more evenly distributed.
9. If the foreign exchange rate is ₦8 to £1, then a bicycle bought for £40 will cost
- A. ₦15.00.
 - B. ₦60.00.
 - C. ₦100.00.
 - D. ₦250.00.
 - E. ₦320.00.

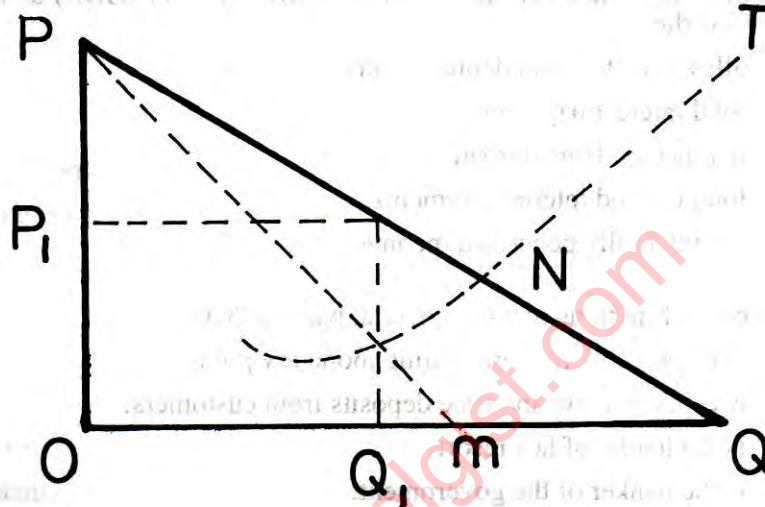
10. All the following are assets of a commercial bank **except**
- cash.
 - bills discounted.
 - bank deposits.
 - investment.
 - advances to customers.
11. The Central Bank controls commercial banks through all the following measures **except**
- the use of directives.
 - the use of Bank Rate.
 - Open Market Operations.
 - accepting deposits.
 - demanding special deposits.
12. If a person supplements his current income by drawing on past savings in order to make both ends meet, he is said to be living
- a good life.
 - an average life.
 - on his savings.
 - a reckless life.
 - on borrowed money.
13. Which of the following is **not** a set of measures of central tendency?
- Mode and median
 - Mean and median
 - Mean and mode
 - Median and percentage
 - Mode, mean and median
14. The diagram below is a
- bar chart.
 - pie chart.
 - ball chart.
 - histogram.
 - histo-chart.



15. Which of the following pairs can be referred to as middlemen?
- Wholesalers and agents
 - Retailers and consumers
 - Consumers and agents
 - Wholesalers and retailers
 - Wholesalers and consumers

16. *Mono-product economies* are those that
- have a rich cultural heritage.
 - produce only raw materials.
 - live on the exportation of their raw products.
 - produce one main commodity.
 - specialize in agricultural industries.

17.



In the figure above, the broken line labelled Pm is the Marginal Revenue Curve of a

- monopoly.
 - competitive firm.
 - state corporation.
 - partnership.
 - monopsony.
18. A Nigerian household's demand curve for semovita is downward sloping because
- the demand for semovita is high.
 - the local markets are flooded with semovita.
 - semovita is produced in Nigeria.
 - every household can afford to buy semovita.
 - the higher the price of semovita, the lower the quantity demanded.
19. To the economist, a stock of goods existing at a particular time and conforming to certain requirements such as having utility, money value and being limited in supply, is known as
- consumer goods.
 - products.
 - wealth.
 - commercial goods.
 - durable goods.

20. The decision to consume more of one product will under normal circumstances imply that
- more of another product will be consumed.
 - less of something else will be consumed.
 - no other product will be consumed.
 - decision-making is basic in Economics.
 - enough resources are available.
21. The difference between the *Gross Domestic Product (GDP)* and the *Gross National Product (GNP)* is the
- allowance for total depreciation.
 - total interest payment.
 - net income from abroad.
 - total tax and interest payments.
 - net internally generated income.
22. One of the functions of a commercial bank is that it
- is responsible for formulating monetary policies.
 - accepts demand and time deposits from customers.
 - is the lender of last resort.
 - is the banker of the government.
 - is responsible for issuing currency notes.
23. Which of the following is **not** a problem of distribution of goods in Nigeria?
- Poor communication network
 - Inadequate storage facilities
 - Ignorance of consumers
 - Dishonesty of middlemen
 - Inadequate market
24. Mr. Idowu needs a television and a refrigerator. Each costs ₦500.00, the exact amount he has. If Mr. Idowu buys the television, the refrigerator would be regarded as the
- marginal cost.
 - inferior item.
 - opportunity cost.
 - supplementary item.
 - prime cost.
25. Petro-chemical industries are located in Rivers State of Nigeria due to the presence of
- a favourable climate.
 - coal deposits.
 - oil palm products.
 - an undulating terrain.
 - oil deposits.

26. Foreign exchange control in Nigeria is enforced by the
- Commercial banks.
 - Merchant banks.
 - Mortgage banks.
 - Central Bank.
 - Agricultural Development Bank.

27. The difference between the number of immigrants and emigrants is
- internal mobility.
 - internal migration.
 - net migration.
 - marginal migration.
 - external migration.

28. Risk-bearing and managerial control are the main functions of the
- managing director.
 - manager.
 - entrepreneur.
 - chief executive.
 - chief accountant.

29. In the table below, the marginal cost when output is 2 units, is

- ₦16.00.
- ₦20.00.
- ₦36.00.
- ₦40.00.
- ₦48.00.

Output	Total cost (₦)
1	20
2	56
3	96
4	144
5	160

30. If successive units of labour are added to a piece of land while capital and technology remain constant, a point will be reached in the level of production when each additional unit of labour will add less to the output than previous units. This concept is known as the
- productivity of labour.
 - law of diminishing marginal utility.
 - law of diminishing returns.
 - law of diminishing returns of a variable factor.
 - internal economies of scale.

31.

<i>Fixed Unit of Land (hectares)</i>	<i>Variable Unit of Labour</i>	<i>Total Output (TO)</i>	<i>Marginal Product (MP)</i>
5	1	10	10
5	2	25	15
5	3	X	21
5	4	60	14
5	5	73	13
5	6	82	Y

Which of the following pairs gives the values of X and Y in the table above?

- A. X = 20, Y = 6
- B. X = 10, Y = 10
- C. X = 38, Y = 9
- D. X = 46, Y = 9
- E. X = 46, Y = 14
32. When a firm's total revenue is at the maximum, marginal revenue is
- A. at the maximum.
- B. negative.
- C. zero.
- D. positive.
- E. constant.
33. Under normal circumstances, a producer will bear the entire burden of taxation on his output if the
- A. supply of his goods is more elastic than the demand.
- B. demand for his product is completely elastic.
- C. production of his commodities is subject to diminishing returns.
- D. demand for his product is more elastic than the supply.
- E. demand for his product is completely inelastic.
34. *Limited liability* means that
- A. the debts of a company can only be paid from its own assets.
- B. the debts of a company are paid from business as well as private funds of the owners.
- C. a company does not have to pay its debts.
- D. the debts of a company must be paid from private funds only.
- E. government cannot tax a company.
35. Factory buildings, machinery and raw materials are known in Economics as
- A. personal wealth.
- B. social wealth.
- C. government wealth.
- D. business wealth.
- E. public wealth.

36. Abstention from consumption enables capital to be produced. Such abstention is called
- A. savings.
 - B. production.
 - C. accumulation.
 - D. factors of production.
 - E. opportunity cost.
37. *Tax evasion* in Economics means
- A. false declaration of assets.
 - B. paying tax only as and when due.
 - C. declaration of assets.
 - D. tax payment according to income received.
 - E. quarrelling with tax collectors.
38. The magnitude of the national income of a country depends on all the following **except** the
- A. quantity of natural resources available.
 - B. level of technical know-how.
 - C. mobility of labour.
 - D. level of productivity.
 - E. quality and quantity of factors of production.
39. The *Quantity Theory of Money* states that an increase in the quantity of money would bring about
- A. a geometrical rise in prices.
 - B. an unequal rise in prices.
 - C. a proportionate rise in prices.
 - D. an absolute rise in prices.
 - E. a less than proportionate increase in prices.
40. Under the ECOWAS agreement, a Nigerian can enter and stay in Ghana without a visa for a period of
- A. 14 days.
 - B. 30 days.
 - C. 60 days.
 - D. 90 days.
 - E. 100 days.