

eExam Question Bank

Coursecode:

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<input type="checkbox"/>	Question Type	Question	A	B	C	D	Answer	Remark
<input type="checkbox"/>	FBQ	Social welfare choices must be <input type="text"/> . That is, if X is preferred to Y and Y is preferred to Z, then X must be preferred to Z.	transitive					<input type="button" value="eExam"/>
<input type="checkbox"/>	FBQ	The voting paradox occurs when a <input type="text"/> process based on majority rule results in an inconsistent ranking of alternatives.	democratic					<input type="button" value="eExam"/>
<input type="checkbox"/>	FBQ	The compensation principle states that an economic change is desirable if those who gain from it can <input type="text"/> the losers and still be better off than in their initial position.	compensate					<input type="button" value="eExam"/>
<input type="checkbox"/>	FBQ	The Kaldor-Hicks criterion, popularized in the late 1930s by British economists Nicolas Kaldor and John Hicks, is essentially a restatement of the <input type="text"/> principle described by the Italian economist Enrico Barone in 1908.	compensation					<input type="button" value="eExam"/>
<input type="checkbox"/>	FBQ	Although the Pareto criterion is a useful one, it is widely recognized that most decisions affecting social <input type="text"/> involve changes that improve the position of one group at the expense of another.	welfare					<input type="button" value="eExam"/>
<input type="checkbox"/>	FBQ	If it is not possible to increase social welfare by increasing the utility of only one of two parties in the society, welfare contours will be <input type="text"/> angled.	right					<input type="button" value="eExam"/>
<input type="checkbox"/>	FBQ	Given a set of contours of the social welfare function, the objective, as in indifference curve analysis, is to reach the <input type="text"/> contour.	highest					<input type="button" value="eExam"/>

<input type="checkbox"/>									
<input type="checkbox"/>	FBQ	The grand utility [] frontier describes all possible combinations of utility for two consumers when the economy is efficient in both production and consumption ($MRTYX = MRSYX$).	possibilities						eExam
<input type="checkbox"/>	FBQ	Any point on the contract curve is [] Optimal, so that we cannot move away from without making one of the two parties worse off.	Pareto						eExam
<input type="checkbox"/>	FBQ	A utility possibilities curve shows optimal [] of utility for two consumers, given the product mix of the economy.	combinations						eExam
<input type="checkbox"/>	FBQ	A terms of trade line expresses a [] of exchange between two goods at which two traders may choose to strike a bargain.	ratio						eExam
<input type="checkbox"/>	FBQ	A Pareto optimum is a position that cannot be altered without making someone [] off.	worse						eExam
<input type="checkbox"/>	FBQ	To illustrate general equilibrium in production, a graphical device known as the [] box diagram is frequently employed	Edgeworth	edgeworth					eExam
<input type="checkbox"/>	FBQ	If the production function exhibits first [] returns to scale but later decreasing returns to scales the firm's LAC curve will be U-shaped.	increasing						eExam
<input type="checkbox"/>	FBQ	Internal [] are technological and organizational disadvantages that the firm encounters as output is expanded in the long run.	diseconomies						eExam
<input type="checkbox"/>	FBQ	Internal economies are technological and [] advantages that accrue to the firm as output is expanded in the long run.	organizational						eExam
<input type="checkbox"/>	FBQ	The optimum size plant is the plant that has its SAC curve [] to the LAC envelope curve at the minimum point of LAC.	tangent						eExam

<input type="checkbox"/>								
<input type="checkbox"/>	FBQ	The plant that can attain the lowest average cost of <input type="text"/> in the long run is frequently called the optimum size plant.	production					eExam
<input type="checkbox"/>	FBQ	Total fixed cost (TFC) always plots as a <input type="text"/> line	horizontal					eExam
<input type="checkbox"/>	FBQ	The firm's <input type="text"/> costs are all costs that do change with its level of output.	variable					eExam
<input type="checkbox"/>	FBQ	<input type="text"/> cost to firm in using any input is what the input could earn in its best alternative use (outside the firm).	Opportunity					eExam
<input type="checkbox"/>	FBQ	Explicit costs are those costs of production that involve a payment by the firm to some person, group, or organization <input type="text"/> the firm. In other words, it is the firm's actual cash payments for its inputs .	outside					eExam
<input type="checkbox"/>	FBQ	If the problem is to obtain the highest output for a given budget, we have then maximize $Q = f(K,L)$ subject to a total cost <input type="text"/> .	constraint					eExam
<input type="checkbox"/>	FBQ	Mathematically, the least-cost combination of inputs is found by solving a constrained <input type="text"/> problem	minimization					eExam
<input type="checkbox"/>	FBQ	With input prices given we can conclude that tangency of an isocost line to an isoquant can be used to represent either (1) <input type="text"/> minimization for a given level of outputs or (2) output maximization for a given budget.	cost					eExam
<input type="checkbox"/>	FBQ	Isoquant can be <input type="text"/> , linear, or L-shaped.	convex					eExam
<input type="checkbox"/>	FBQ	An isocost line is a plot of the <input type="text"/> equation for the two-input case.	budget					eExam
<input type="checkbox"/>	FBQ	It is the <input type="text"/> MRTS that accounts for the curvature of isoquants in the relevant region.	diminishing					eExam

<input type="checkbox"/>								
<input type="checkbox"/>	FBQ	Ridge lines form the boundaries of the region of the isoquant diagram within which the marginal product of both inputs is <input type="text"/> .	positive					eExam
<input type="checkbox"/>	FBQ	MPL = change in output divided by change in <input type="text"/> input	labour					eExam
<input type="checkbox"/>	FBQ	The production function describes not only a single isoquant, but the whole <input type="text"/> of isoquants,	array					eExam
<input type="checkbox"/>	FBQ	Income elasticities may be positive, zero or <input type="text"/> and the signs are important in the interpretation.	negative					eExam
<input type="checkbox"/>	FBQ	The income elasticity (e_y) is defined as the <input type="text"/> change in the quantity demanded resulting from a proportionate change in income.	proportionate					eExam
<input type="checkbox"/>	FBQ	The relationship between price elasticity and <input type="text"/> is given by: $MR = P(1 - 1/e)$.	marginal revenue	MR				eExam
<input type="checkbox"/>	FBQ	The condition that exists when quantity supplied and quantity demanded are equal is called <input type="text"/> .	equilibrium					eExam
<input type="checkbox"/>	FBQ	The difference between costs and revenues is called <input type="text"/> .	profit.					eExam
<input type="checkbox"/>	FBQ	The various points on the supply curve show <input type="text"/> relationships.	price-quantity					eExam
<input type="checkbox"/>	FBQ	The quantity that consumers are willing and able to buy at each price is called quantity <input type="text"/> at that price.	demand					eExam
<input type="checkbox"/>	FBQ	A market is the network of communications between individuals and <input type="text"/> for the purpose of buying and selling goods and services.	firms					eExam
<input type="checkbox"/>	FBQ	The <input type="text"/> size plant is the plant that has its SAC curve tangent to the LAC envelope curve at the minimum point of LAC.	optimum					eExam

<input type="checkbox"/>								
<input type="checkbox"/>	FBQ	<input type="text"/> is a general concept that can be used to quantify the response in one variable when another variable changes.	elasticity					eExam
<input type="checkbox"/>	FBQ	Federal government minimum wage is a form of <input type="text"/>	price ceiling					eExam
<input type="checkbox"/>	FBQ	An <input type="text"/> imposed on a product will increase the equilibrium price and reduce the quantity sold.	excise tax	tax				eExam
<input type="checkbox"/>	FBQ	The floor reduces the quantity exchanged and creates surpluses if the sellers are allowed to produce all they are willing at the <input type="text"/> price.	higher	increased				eExam
<input type="checkbox"/>	FBQ	The price ceiling produces the quantity exchanged in the market and creates <input type="text"/> .	shortages	scarcity				eExam
<input type="checkbox"/>	FBQ	<input type="text"/> implies an instantaneous adjustment to disturbances to equilibrium.	Comparative statics					eExam
<input type="checkbox"/>	FBQ	If $QD_x = 80 + 10P_x$ and $QS_x = -40 + 20P_x$. The equilibrium price is <input type="text"/> .	N4	four naira				eExam
<input type="checkbox"/>	FBQ	<input type="text"/> is the condition that exists when quantity supplied and quantity demanded are equal.	Market equilibrium	arket clearance				eExam
<input type="checkbox"/>	FBQ	<input type="text"/> is a situation where the forces of demand and supply operate freely without any intervention from the government or the regulator.	Market Mechanism	The Market Mechanism				eExam
<input type="checkbox"/>	FBQ	The sum of all that is supplied each period by all producers of a single product is called <input type="text"/> .	market supply					eExam
<input type="checkbox"/>	FBQ	Change in costs, input prices, technology, or prices of related goods and services leads to change in <input type="text"/> .						eExam
<input type="checkbox"/>	FBQ	<input type="text"/> costs are the value of self-employed, self-owned factors of production	implicit					eExam

<input type="checkbox"/>								
<input type="checkbox"/>	FBQ	The <input type="text"/> plant size will be where the cost of producing the desired output is minimized	optima	optimum				eExam
<input type="checkbox"/>	FBQ	<input type="text"/> is a unit change in total revenue for a unit change in quantity.	marginal revenue	MR				eExam
<input type="checkbox"/>	FBQ	<input type="text"/> is a term for the risk bearer and organizer in the production process	entrepreneur					eExam
<input type="checkbox"/>	FBQ	If the income elasticity of demand for product equal -2, the good is <input type="text"/> .	income inferior	income-inferior				eExam
<input type="checkbox"/>	FBQ	Changes <input type="text"/> in the of a product affect the quantity demanded per period of a product affect the quantity demanded per period.	price					eExam
<input type="checkbox"/>	FBQ	Economists considers the concept of utility to mean <input type="text"/> .	satisfaction	happiness				eExam
<input type="checkbox"/>	FBQ	The quantity that consumers are willing and able to buy at each price is called <input type="text"/> at that price.	quantity demanded					eExam
<input type="checkbox"/>	FBQ	A <input type="text"/> consists of the potential buyers and sellers of some good or service who are interacting for the purpose of exchange.	market					eExam
<input type="checkbox"/>	MCQ	Long-run total cost is the minimum economic cost of producing each possible level of output when the time period is _____ to change all inputs of the firm's production function.	sufficiently short	sufficiently small	sufficiently long	sufficiently long insignificant	C	eExam
<input type="checkbox"/>	MCQ	The behaviour of long-run average cost, like that of total cost, depends on the properties of the firm's _____.	production curve	production line	production	production function	D	eExam
<input type="checkbox"/>	MCQ	The _____ size plant is the plant that has its SAC curve tangent to the LAC envelope curve at the minimum point of LAC.	optimum	large	small	average	A	eExam
<input type="checkbox"/>	MCQ	What is average fixed cost?	TFC divided by quantity of output (Q),	TC divided by quantity of output (Q),	MC divided by quantity of output (Q),	AC divided by quantity of output (Q),	A	eExam

<input type="checkbox"/>								
<input type="checkbox"/>	MCQ	What are sunk costs?	They are costs that have been incurred and can be reversed.	They are budget that have been incurred and cannot be reversed.	They are costs that have been incurred and cannot be reversed.	They are orders that have been incurred and cannot be reversed.	C	eExam
<input type="checkbox"/>	MCQ	What are implicit costs?	They are the costs of using industry-owned resources.	They are the costs of using firm-borrowed resources.	They are the costs of using foreign resources.	They are the costs of using firm-owned resources.	D	eExam
<input type="checkbox"/>	MCQ	The Expansion Path is the path of tangencies between _____ lines for a given input price ratio.	indifference curve and isocost	isoquants and isocost	isoquants and cost	demand curve and isocost	B	eExam
<input type="checkbox"/>	MCQ	A production function is a statement relating how _____ can be combined to achieve various possible levels of _____.	inputs /output	output/inputs	machine/output	labour /output	A	eExam
<input type="checkbox"/>	MCQ	What is price elasticity of demand?	change in quantity supplied/change in price	change in quantity demanded/% change in price	% change in quantity demanded/% change in price	% change in quantity demanded/change in price	C	eExam
<input type="checkbox"/>	MCQ	The price elasticity is a measure of the _____ of demand to changes in the commodity's own price.	responsiveness	sluggishness	insensitiveness	slowness	A	eExam
<input type="checkbox"/>	MCQ	For unstable equilibrium to occur, the market supply curve must be negatively sloped and _____ inclined than the (negatively sloped) market demand curve	less steeply	more steeply	steeply	moderately steeply	A	eExam
<input type="checkbox"/>	MCQ	If $D_x = Q_{Sx}$ and $80 + 10P_x = -40 + 20P_x$, calculate the Equilibrium price	$P_x = \$4.5$ (equilibrium price)	$P_x = \$2$ (equilibrium price)	$P_x = \$3$ (equilibrium price)	$P_x = \$4$ (equilibrium price)	D	eExam
<input type="checkbox"/>	MCQ	The increase in input prices raise costs of production and _____.	are likely to reduce supply.	are likely to reduce supply.	are likely to reduce supply.	are likely to reduce supply.	B	eExam
<input type="checkbox"/>	MCQ	The way of production to maximize profit is to minimize cost of _____.	packaging	advertises	production.	sales	C	eExam
<input type="checkbox"/>	MCQ	What is the difference between costs and revenues?	profit	loss	break-even	surplus	A	eExam
<input type="checkbox"/>	MCQ	There is linear or positive _____ between the quantity of goods supplied and price.	relationship	disconnect	disassociation	disunity	A	eExam
<input type="checkbox"/>	MCQ	The quantity demanded in the market at each price is the sum of the individual _____.	demands of all consumers at that cost.	supplies of all consumers at that cost.	demands of all consumers at that price.	demands of all consumers at that rate.	C	eExam

<input type="checkbox"/>								
<input type="checkbox"/>	MCQ	An increase in the price of Pepsi-Cola is likely to cause a decrease in the _____.	quantity of Pepsi- Cola supplied.	quantity of coke demanded.	quantity of Fanta demanded.	quantity of Pepsi-Cola demanded.	D	eExam
<input type="checkbox"/>	MCQ	Presumably, we consume goods and services because they give us _____.	they give us status	they give us utility	they give us wealth	they give us suitability	B	eExam
<input type="checkbox"/>	MCQ	What provides the framework for the analysis of the forces of demand and supply?	Markets	super markets	domestic markets	Foreign markets	A	eExam
<input type="checkbox"/>	MCQ	Which of the following factors will influence the value of the price elasticity of demand_____.	whether the item is a luxury or a necessity	the percentage of income expended on the item	the number of close substitutes	all of the above	D	eExam
<input type="checkbox"/>	MCQ	If the LAC curve falls as output expands, this is due to_____.	economies of scale	the law of diminishing returns	diseconomies of scale	any of the above	A	eExam
<input type="checkbox"/>	MCQ	Which of the following would yield a parallel shift in an isocost line_____.	a change in the cost or expenditure level (A)	a decrease in the price of one unit input	a proportionate change in both input prices (B)	option (A)and (B)	D	eExam
<input type="checkbox"/>	MCQ	In long run competitive equilibrium_____.	price equals average cost	marginal revenue equals marginal cost	economic profits equal zero	all of the above	D	eExam
<input type="checkbox"/>	MCQ	The distribution of two commodities between two individuals is said to be Pareto optimal if_____.	one individual cannot be made better off without making the other worse off	the individuals are on their consumption contract curve	the individuals are on their utility-possibility curve	all of the above	D	eExam
<input type="checkbox"/>	MCQ	The transformation curve is derived from_____.	the consumption curve	the utility-possibility curve	the social welfare function	the production contract curve	D	eExam
<input type="checkbox"/>	MCQ	The law of supply states that as the price of a good increases_____.	the supply curve shifts leftward	the supply curve shifts leftward	the quantity supplied increases	the quantity supplied decreases	C	eExam
<input type="checkbox"/>	MCQ	In the first region of production_____.	average product is increasing	average product is increasing and marginal product negative	average product is decreasing and marginal product is negative	both average and marginal products are declining	A	eExam
<input type="checkbox"/>	MCQ	Fixed costs occur because_____.	output may be fixed	some inputs may be fixed in the short run	some inputs may be fixed in the long run	all inputs are fixed in the short run	B	eExam
<input type="checkbox"/>	MCQ	When diminishing MRTS along an isoquant imply that_____.	the absolute value of the slope of the isoquant will bow toward origin	the isoquant will be convex to the origin	the isoquant will be linear	the isoquant will not intersect	B	eExam
<input type="checkbox"/>	MCQ	The break-even point is_____.	the minimum MC point	the minimum AVC point	the minimum AFC point	the minimum ATC point	D	eExam

<input type="checkbox"/>								
<input type="checkbox"/>	MCQ	Which of the following is not a necessary condition for a pareto efficient allocation of resources?	MRTS= MRS	production efficiency	MRT = MRS	consumption efficiency	A	eExam
<input type="checkbox"/>	MCQ	The dimensions of the production box in the Edge-worth geometric approach are determined by _____.	the PPF	the fixed quantities of inputs available	the state of technology	quantities of goods produced	B	eExam
<input type="checkbox"/>	MCQ	The imposition of an effective price ceiling will _____.	increase price and quantity supplied	reduce price and quantity supplied	increase price and reduce quantity supplied	reduce price and increase quantity supplied	B	eExam
<input type="checkbox"/>	MCQ	At the point of producer equilibrium _____.	the isoquant is tangent to the isocost	the MRTSLK equals PL/PK	MPL/PL = MPK/PK	all of the above	D	eExam
<input type="checkbox"/>	MCQ	MC is given by _____.	the slope of the TFC curve	the slope of the TVC curve but not by the slope of the TC curve	the slope of the TC curve but not by the slope of the TVC curve	either the slope of the TVC curve or the slope of the TC curve	D	eExam
<input type="checkbox"/>	MCQ	Normally, long run and short run expansion path will _____.	intersect only once	be congruent	never intersect	intersect at two output levels	A	eExam
<input type="checkbox"/>	MCQ	When the law of diminishing returns begins to operate, the TVC curve begins to _____.	fall at an increasing rate,	rise at a decreasing rate	fall at a decreasing rate	rise at an increasing rate	D	eExam
<input type="checkbox"/>	MCQ	The optimal input combination will occur where _____.	the MRTS is equal to the price of capital	MRTS = w/r	MRTS = - w/r	the marginal products are at a maximum	B	eExam
<input type="checkbox"/>	MCQ	In a market economy with five goods and four resources, there would be a need for _____.	five markets	four markets	six markets	seven markets	D	eExam
<input type="checkbox"/>	MCQ	The locus of Pareto optimality in production and consumption is given by _____.	he social welfare function	the utility-possibility curve	the transformation curve	the grand utility-possibility curve	D	eExam
<input type="checkbox"/>	MCQ	According to the theory of second best, eliminating a monopoly from one market in the economy _____.	will improve the welfare of the society	will decrease the welfare of the society	will not change welfare of society	may increase or decrease social welfare	D	eExam
<input type="checkbox"/>	MCQ	The demand for health care is _____.	price elastic	price inelastic	income elastic	income inelastic	B	eExam
<input type="checkbox"/>	MCQ	Which is the minimum return or payment necessary to retain the entrepreneur in some specific line of production _____.	normal profit	explicit	interest rate	pure rate of interest	A	eExam
<input type="checkbox"/>	MCQ	In total, the supply of land is _____.	perfectly inelastic	unitary elastic	perfectly elastic	elastic but not perfectly elastic	A	eExam
<input type="checkbox"/>	MCQ	The price paid for a natural resource that is completely fixed in supply is _____.	profit	interest	rent	a risk payment	C	eExam
<input type="checkbox"/>	MCQ	Which of the following do Economists consider a productive economic resource?	money capital	capital goods	interest	profit	B	eExam

<input type="checkbox"/>								
<input type="checkbox"/>	MCQ	If a firm's AFC equals N20 and total cost equals N1000, when output is twenty units, then AVC for twenty units is_____.	N20	N30	N50	none of the above	D	eExam
<input type="checkbox"/>	MCQ	As output increases, which of the following declines steadily_____.	MC	AFC	AVC	ATC	B	eExam
<input type="checkbox"/>	MCQ	The shutdown point is_____.	the minimum MC point	the minimum AVC point	the minimum AFC point	the minimum ATC point	B	eExam
<input type="checkbox"/>	MCQ	An input is technically efficient_____.	if it cheaper than another input combination	only if it utilizes less of each input than another input combination	if a reduction in the quantity of any one of the inputs forces a reduction in output	all of the above	C	eExam
<input type="checkbox"/>	MCQ	The amount of an input that can be replaced by one unit of another input, such that output is held constant is called_____.	marginal value input	marginal rate of technical complimentary	marginal rate of technical substitution	marginal rate of substitution	C	eExam
<input type="checkbox"/>	MCQ	Which of these is not the property of isoquant_____.	non-intersecting	positive slope	cardinal scale measurement	increase in value to the northeast	A	eExam
<input type="checkbox"/>	MCQ	When an individual's income rises (all things being equal), that individual's demand for a normal good _____.	rises	alls	remain unchanged	all of the above	A	eExam
<input type="checkbox"/>	MCQ	Arrow's Impossibility theorem holds that_____.	it is impossible to maximize social well-being	it is impossible equilibrium in the economy	it is impossible to achieve Pareto – Optimality	social welfare functions cannot be achieved democratically	D	eExam
<input type="checkbox"/>	MCQ	The locus of general equilibrium points of exchange in a two-individual, two-commodity economy is called_____.	the consumption contract curve	the production contract curve	the social welfare function	the transformation curve	A	eExam
<input type="checkbox"/>	MCQ	Economics rent is a payment_____.	for the service of land	for the service of building	to a factor of production that is fixed	to a factor of production in excess of the amount required to retain the input in present condition	D	eExam
<input type="checkbox"/>	MCQ	Modern Welfare economics is concerned with criteria for_____.	choosing a Pareto-efficient allocation	choosing among Pareto-efficient allocations	positive economics	none of the above	B	eExam
<input type="checkbox"/>	MCQ	If the allocation of goods is consumption efficient then_____.	the MRS for goods are equal for all consumers	the MRS is equal to the MRT	the indifference curves intersect at two or more points	none of the above	A	eExam
<input type="checkbox"/>	MCQ	One of these may cause supply curve to shift_____.	input	prices	producer	market	A	eExam

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