



## FIRST TERM EXAMINATION 2025/2026 ACADEMIC SESSION

NAME				
SUBJECT	ECO NOMICS	CLASS	SS3	DURATION 2 HOURS

### SECTION A (OBJECTIVES)

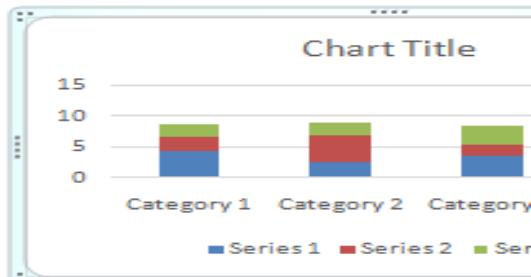
**Instruction: Answer all question**

1. The theory of comparative cost advantage is associated with
  - A. Alfred Marshal
  - B. Adam Smith
  - C. David Ricardo
  - D. J. B. Say
  
2. When the value of a nation's export is greater than its imports
  - A. a favorable balance of trade exists
  - B. an unfavorable balance of payment exists
  - C. the net foreign trade is zero
  - D. inflation occurs
  
3. To improve the balance of payment s position in West African countries, there must be
  - A. removal of barriers to importation of goods and services
  - B. increase rate of exportation of goods and services
  - C. increase domestic consumption of foreign produced goods
  - D. the development of the local market
  
4. Mono-product economies are those that
  - A. produce one main commodity
  - B. produce only raw materials
  - C. depend on the export of their raw materials

(20 marks)

5. The satisfaction derived from the use of a commodity is its
  - A. demand
  - B. elasticity
  - C. wealth
  - D. utility
  
6. The diagram above is
  - A. Simple bar chart
  - B. Complex bar chart
  - C. Component bar chart
  - D. Multiple bar chart
  
7. International trade depends on the concept of?
  - A. marginal cost advantage
  - B. comparative cost disadvantages
  - C. comparative cost advantage
  - D. absolute cost
  
8. One advantages if international trade is that

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A. countries depend on each other  
 B. it introduces variation in prices  
 C. it increases demand for foreign goods  
 D. it makes variety of goods available

9. The practice of selling goods overseas and often below the cost of production is known as  
 A. retailing  
 B. dumping  
 C. internal trade  
 D. advertising

10. A summary of all the receipts and payments of a country in international transaction is called  
 A. terms of trade  
 B. balance of payment  
 C. balance of payment adjustment  
 D. capital account

11. Which of the following countries export cocoa?



A. Liberia and The Gambia  
 B. Ghana and Sierra Leone  
 C. Nigeria and Ghana  
 D. Sierra Leone and Nigeria

12. Which of the following are examples of transfer payments?  
 A. gifts and donations  
 B. rents and rates  
 C. profits and dividends  
 D. internal and external debts

13. Invisible trade refers to trade in?  
 A. services  
 B. goods and services

C. tangible goods  
 D. crude oil

14. Balance of payment surplus implies that the value of the country's  
 A. exports exceeds its imports  
 B. imports exceed its exports  
 C. exports is equal to its imports  
 D. terms of trade is constant

15. manufacturing involves the process of  
 A. making goods available  
 B. providing finished products  
 C. changing items to new states  
 D. producing capital goods only

16. The terms of trade is described as unfavourable when  
 A. the price of imports rises relative to those of exports  
 B. the price of exports rises relative to those of imports  
 C. the net income from abroad does not change  
 D. the value of exports exceeds those of imports

17. One major aim of a cartel is to  
 A. increase production  
 B. regulate output through quota system  
 C. have a joint account  
 D. share profits equally

18. The five countries that established the Organization of Petroleum Exporting Countries (OPEC) are



A. Nigeria, Iraq, Venezuela, Kuwait and Ghana  
 B. Saudi Arabia, Kuwait, Sierra Leon, Iran and Iraq

C. Algeria, Kuwait, Venezuela, Iran and The Gambia  
D. Kuwait, Venezuela, Iran Iraq and Saudi Arabia

19. The group of countries in the South east of Asia whose economies are referred to as Asian Miracle is  
A. ASEAN  
B. Asian Tiger  
C. China  
D. America

20. What is needed to boost a country's economy  
A. Debt  
B. High saving  
C. Transfer payment  
D. Risk

21. The period from 1960 to 1970 Japan experienced  
A. Recession  
B. Double digit growth  
C. Inflation  
D. Unemployment

22. The value that is added into a company by an employee is known as  
A. human capital  
B. capital  
C. physical asset  
D. developmental capital

23. physical capital is also known as  
A. human capital  
B. non-human capital  
C. labour  
D. humans

24. The departure or emigration of individual with technical skills or knowledge from one country to another is known as  
A. mobility of labour  
B. brain drain  
C. travelling  
D. emigration

25. Where in Nigeria was petroleum first discovered in commercial quantity  
A. Enugu  
B. Oloibiri  
C. Kaduna  
D. Ogoja

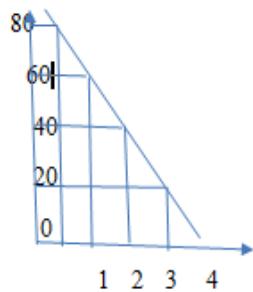
26. The major foreign exchange earner for Nigeria-----  
A. agriculture  
B. sports  
C. tourism  
D. petroleum

27. An example of manufacturing industry is  
A. shoe making  
B. road construction  
C. service  
D. banking

28. The sector where the manufacturing industry gets its raw material is in  
A. Secondary  
B. Primary  
C. Tertiary  
D. Semi secondary

29. The sector where the manufacturing industry gets its raw material is in  
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D. Semi secondary

30. The service industry is also known as the ----- industry  
A. Processing  
B. Tertiary  
C. Construction  
D. mining



32 .The diagram above is

- A. histogram
- B. Pictogram.
- C. Production curve
- D. Demand curve.

31. 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 price of non-oil products

32. Visible balance is also known as

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

33. 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

34. 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

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

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

36. 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

37. Exchange control is a weapon used in regulating

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

38. 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

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

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

40. when the demand for foreign exchange exceeds its supply, the value of the domestic currency

- appreciates
- depreciates
- remains unchanged
- expands

41. Which of the following measure can be adopted to stabilize the external value of the local currency?

- reduce the volume of export
- increase the demand for imports
- increase domestic money supply
- reduce the demand for imports

42. Which of the following is not a measure for reducing balance of payments deficits?

- export drive
- reducing tariffs
- adding to export goods
- increasing local production

43. Devaluation of currency may not correct a balance of payments deficit if the demand for export is



- perfectly inelastic
- perfectly elastic
- fairly elastic
- unitary elastic

44. Given that a country's index of export price is 180 and that of import is 200, the terms of trade is

- 0.09
- 2.00

45. If demand for postal services decline as a result of increased use of e-mails, then the two services are in

- composite demand.
- derived demand.
- competitive demand.
- complementary demand.

46. A country is allowed to import just 50,000 tonnes of rice annually. This describes

- devaluation
- tariff
- embargo
- quota

47. Goods which have to be paid for are known as

- physical goods
- economic goods
- free goods
- intangible goods

48. Government fixing of prices below the equilibrium point is aimed at protecting the

- sellers
- industries
- distributors
- consumers

49. The relationship between Marginal Product (MP) and Average Product (AP) is such that they are equal when

- average product is maximum
- Average product is minimum
- Marginal Product is maximum
- Marginal Product is increasing

50. one of the problems of SMEs in Nigeria is

- High profit motive
- Inadequate infrastructure

- C. High tax incentive
- D. Abundance of market

### SECTION B (THEORY)

**MARKS: 40 marks**

**INSTRUCTION: Answer only one question from this section**

1. The management of a fruit juice production company was directed by the shareholders to increase the revenue from the sale of its product. The management decided to increase the price of the fruit juice from \$7 to \$10 per unit and this led to a fall in quantity demanded from 150 units to 30 units. Use the information above to answer the questions that follow.

(a) Calculate the;

(i) Percentage increase in the price; (ii) percentage decrease in the quantity demanded

**(2marks)**

(iii) coefficient of price elasticity of demand for the fruit juice.

**(2 marks)**

(b) Is the demand for the fruit, price elastic or inelastic? Give a reason for your answer.

**(2 marks)**

(c) Did the management of the company achieve its objective of increasing revenue? Explain your answer.

**(2 marks)**

(d) From your answers in 1a(iii), was the increase in the price of the fruit juice a rational strategy to employ in order to increase revenue? Explain your answer.

**(2 marks)**

**(WAEC 2024)**

2. The terms of trade position for Country X for the years 2020 and 2021 are stated in the table below. Study the table and answer the questions that follow.

YEAR	PRICE INDEX OF EXPORTS	PRICE INDEX OF IMPORTS
2020	180	150
2021	160	200

(a) Calculate the terms of trade for Country X in 2020 and 2021. **(3 marks)**

(b) In what year(s) is the terms of trade:

- i. Favourable **(1 marks)**
- ii. Unfavourable? **(1 marks)**

(c.) State any **two** likely reasons for the terms of trade position identified in 2(b) (ii) **(2 marks)**

(d) If the balance of trade in 2022 is \$4,062,500 and the current account balance is \$813,500, determine the country's balance of invisible trade. Explain your answer **(3 marks)**

**(WAEC 2025)**

### SECTION C

**Instruction:** Answer three questions from this section

3 (a.) List the countries that constitute the Asian Tigers. **(5 marks)**

(b.) state any two development strategies employed by the Asian Tigers to develop their economy **(2 marks)**

(c.) Briefly narrate the economic history of the Asian Tigers **(3 marks)**

4(a.). What are the objectives of the Organization of petroleum exporting countries **(5 marks)**

(b.) mention five positive contributions of petroleum to the Nigeria economy

**(5 marks)**

5(a.) What is devaluation? Under what conditions will devaluation improve a country's balance of payment position **(5 marks)**

(b.) Why do countries impose restrictions on international trade? **(5 marks)**

**(WAEC 1989)**

**6(a.)** explain the following concepts:

i. human capital **(2 marks)**

ii. physical capital **(2 marks)**

(b.) state **three** differences between human capital and physical capital **(3 marks)**

(c.) explain **three** factors affecting efficiency of human capital **(3 marks)**

**7(a.)** What is brain drain? **(3 marks)**

(b.) how can brain drain be arrested in Nigeria? **(4 marks)**

(c.) mention **four** factors causing brain drain? **(4 marks)**