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ECO121 - PRINCIPLES OF ECONOMICS SUMMARY

Economics is defined based on_____assumptions
Two

_____is a science which deals with wealth creation through production of goods and services their distributions as well as consumption
Economics

_____defined economics "as a science which studies human behaviour as a relationship between given ends and scarce means which have alternative uses".
Robbins

_____ can be defined as the approach to understanding behaviour that starts from the assumption that people have objectives and tend to choose the correct ways of achieving them.
Economics

The assumption that people tend to find the correct way to achieve their objectives is called_____.
Rationality

The term_____is somewhat deceptive according to Friedman (1990).
Rationality

_____is the study of how diverse alternatives or choices are appraised in order to best achieve a certain objective.
Economics

Supply, demand, preferences, costs, benefits, production relationships and exchange are tools that are used to describe and evaluate the _____ processes
Market

According to_____, economics is concerned with inquiring into the nature and causes of the wealth of nations.

Adam Smith (1776)

According to Adam Smith (1776),_____is concerned with inquiring into the nature and causes of the wealth of nations.
Economics

The study of economics assists individuals in the society to understand the decisions of households, businesses and governments based on beliefs, human behaviour, structure, needs and constraints as a result of_.
Scarcity

_____is a study of man and how he thinks, lives, and moves in the ordinary course of business of life.
Economics

Economics as a social science gives larger opportunities for precise methods than any other social science subject.
True

Utility and satisfaction derived at each point in time varies even for the same person.
True

The problems of economics include the following

- What to produce
- How to produce
- For whom to produce
- How much to produce
- By whom to produce

Economics is a_____science that studies the relationship between scarce resources and the process of allocating them in order to satisfy unlimited wants.
Social

Economists are concerned with choosing the correct way to achieving an objective which may allows us to be able to predict human behaviour while their mistake may not be easily predictable.

The field and discipline of economics is divided into_____main areas
Two

_____ can be defined as the study of the decisions of individuals, households, and businesses in specific markets.
Microeconomics

_____is the study of the overall functioning of an economy such as basic economic growth, unemployment or inflation
Macroeconomics

Scarcity in microeconomics is not the same as poverty.
True

_____ is the branch of economics concerned with the up-and-down trends in the larger economy.
Macroeconomics

There is usually a_____between the two choices.
trade-off

In making a decision, we implicitly compare the_____and benefits of our choices over the other one.
Costs

_____is whatever must be given up to obtain something.
Opportunity cost

_____ is an implicit cost and other less obvious costs given up to have the best alternative.
Opportunity cost

_____ are cost that includes next best opportunity given up which must be included in aggregate opportunity cost.
Implicit costs

People act_____so as to gain the most benefit for themselves especially when benefit is compared with the associated costs.
Rationally

As far as basic economics is concern, it assumes that people act _____so as to gain the most benefit for themselves especially when benefit is compared with the associated costs.
Rationally

Foley (2003) defined the word_____to mean an act that is consistent and influential to achieving some well-defined end.
Rational

Foley (2003) defined the word_____as behaviour that appears to be intrinsically self-defeating or insane.
Irrational

The concept of_____connotes a reasonable orientation toward thereal world and an ability to explain one‟s actions to others in terms that they can understand.
Rationality

_____ people usually think at the margin by comparing costs and benefits such that changes in either the benefit or cost may change their decisions
Rational
All economies are usually faced with basic economic problems that have to do with production, distribution and_____in the economy.
consumption

All economies are usually faced with basic economic problems that have to do with production, distribution and consumption in the_____.
economy

The basic economic problems arise as a result of resources that are relatively _____when compared with the objectives for which they should be used.
Scarce

Human wants are_____and the resources are limited.
Infinite

Human wants are infinite and the resources are_____.
Limited

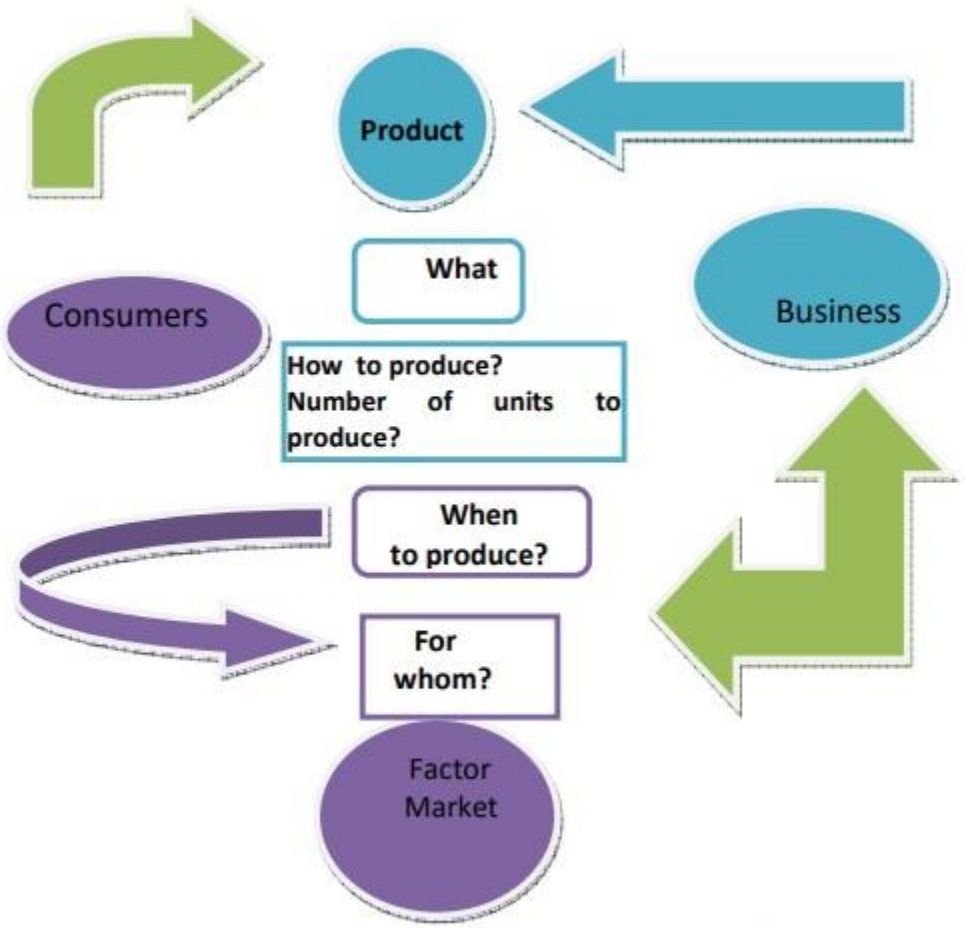


Fig.1.2: Product Market and Basic Economic Problems

Demand for comparable goods or services may affect the decision making process on how much to produce.
True

_____ is shaped by the principles governing how goods are distributed among the members of a society
For whom to produce

Economics is a social science that studies the relationship between scarce resources and the process of allocating them in order to satisfy _____ wants.
Unlimited

_____ studies the relationship between the people and the institutions in a society with the limited scarce resources in that society.
Economics

_____economy is usually concerned with an occupational freedom
Capitalist

Capitalist economy is usually concerned with an _____
occupational freedom

The aim of a_____economy is social control over major but selected productive activities.
Socialist

The aim of a Socialist Economy is_____over major but selected productive activities.
social control

_____ economy system takes control of all major sources of production.
Communist

Communist economy system takes control of all major sources of_____.
Production

The mechanism of_____economy is based on free market and free prices.
Market

In a_____, there is the permutation of both capitalist and socialist economies.
Mixed economy

A_____is a place where individuals with set of objectives and shared values interact.
Community

People of similar objectives usually meet together as a result of demand and supply of goods and services. Their meeting place is referred to as the _____
Market

_____is a social institution where people of similar objectives meets to exchanges values and meet their demands.

Market

A market is a social institution where people of similar objectives meets to _____and meet their demands.

exchanges values

The types of economic systems

- traditional economy
- controlled economy
- free market economy
- mixed economy

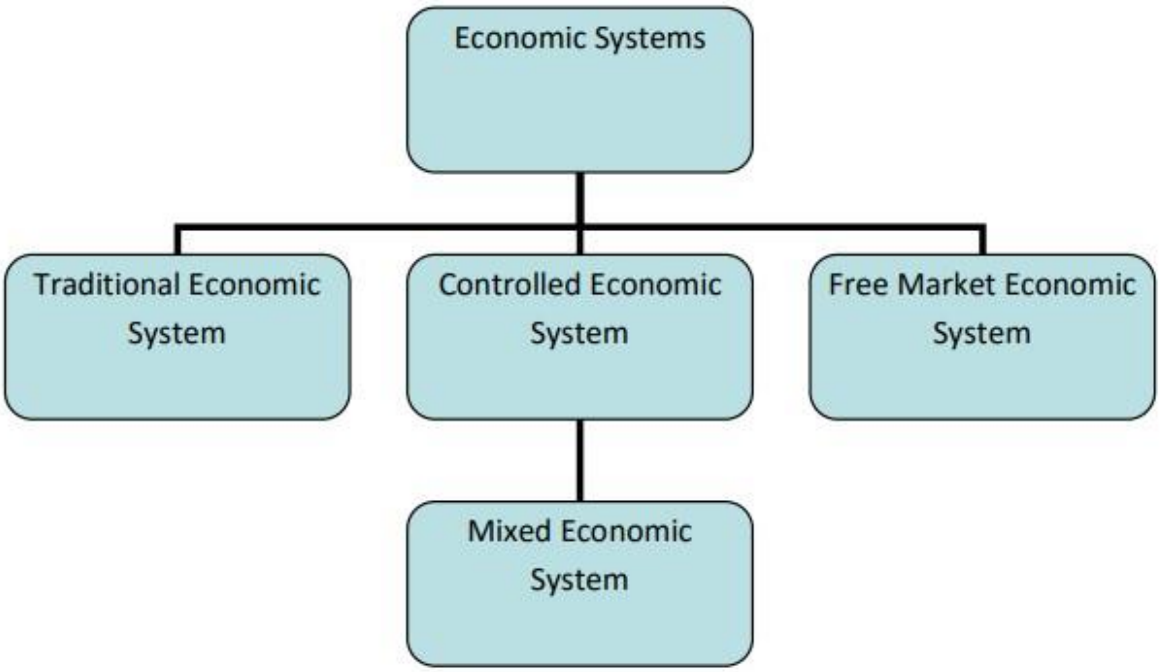


Fig.1.3: The Economic System

An_____consists of individual, institutions and their interaction in the process of answering basic economic problems.

economic system

The mechanism of production, distribution and consumptions varies in our society.

True

In a_____economy, the economic decisions are made based on believes, norms religion and customs of that society.
traditional

In a traditional economy, the economic decisions are made based on_____
norms

In a_____economy, the government that makes the economic decision and it is solely done meaning that there are no private sector initiatives.
Controlled

Controlled or planned economies are usually associated with socialism and _____
Communism

The ability to accomplish social goals quickly is called_____
Strengths

Complexity of production may lead to production problems.
True

_____is an economic system where the basic economic decisions are made by the buyers and sellers, individual households and businesses inthe economy through the price mechanism.
Free market economy

There is usually_____in a free market economy.
economic freedom

There is usually economic freedom in a free market economy.
True

_____ is achieved through the demand and supply mechanism (price and profit) based on free market enterprise.
Mixed economy

_____is a combination of controlled economy and market economy.
Mixed economy

Goods and services usually referred to as „commodities" are produced by firms while_____individuals are the consumers of the commodities.
Household

Goods and services are usually referred to as _____
Commodities

Firms are the „sellers" while_____are the „buyers".
Households

_____ and buyers exchanges goods and services for money in the market.
Sellers

Sellers and buyers exchanges goods and services for money in a place called _____
Market

_____ is the forces of demand and supply which determines the quantity of goods and services as well as their prices.
Market force

_____is defined as the rate at which a commodity is exchanged for money or other units of exchange.
Price

When there is little supply of goods and services as a result of increase in price, it is called_____
scarcity

Price determination is one of the core focuses of _____
Microeconomics

_____ are made up of people in the society who are performing different functions with different human behaviour.
Firms and households

Firms and households are made up of people in the society who are performing different functions with different_____.
human behaviour

The role of firm is primarily to _____
Produce

Allocated resources are transformed into what we call_____while the resources allocated are the_____to generate the product.
Output/ input

The difference between the selling price and the cost price is known as the _____
Profit

Those who manage, organise and coordinate and take decision in a firm are called _____
Entrepreneur

Individuals, group of people and or family or unrelated people sharing a house are known as _____
Household

Households‟ income determines what they consume from the_____.
product market

_____is a market where goods and services are exchange.
Product or output market

In the output market, _____ supply goods and services that the households demand.
Firms

In the output market, firms supply goods and services that the _____demand.
Households

_____ is a market where resources used to produce products are exchange.
Input market or factor market

_____ is a factor market where land and other tangible assets are supply to firms and in return households obtain rent as rewards.
Land market

_____can be defined as a market where the factors of production or input are exchanged.
Labour market

_____is a market where the households supplies their savings from income that flow to them from firm back to the firm for future profit claim or for interest.
Capital market

The products produced by labour for the firm flows to household through the _____
product or output market

There are_____basic decision-making units in an economy
Two

There are two basic decision-making units in an economy namely the _____and_____.
Households and firms

Land, labour and_____are the three key factors of production.
Capital

Land, labour and capital are the three key factors of _____
Production

The primary producing unit in an economy are _____
Firms

Quantity of a commodity purchased by an individual or family or group of people at different prices at a given time and place is known as the _____.
demand for such commodity

_____ will decrease when there is a rise in price and it increases when there is a fall in price.
Quantity demanded

Factors affecting demand for a commodity which are considered constant are

- households‟ income
- households‟ preference and taste
- prices of a related commodities
- number of consumers
- expectation of future price change

Determination of prices of commodity is known as_____in economics.
price theory

A sudden increase in price of a_____means a reduction in the consumption power of the consumer
commodity

A sudden increase in price of a commodity means a reduction in the _____of the consumer
consumption power

A sudden increase in price of a commodity means a reduction in the consumption power of the consumer.
True

_____is the effect of a change in price on quantity demanded as a result of price changes which made them worse off.
Income effect

_____ can be define as the amount of goods or commodities that consumers are willing and able to buy at a given price over a given period of time.
Quantity demanded

_____is the effect of a change in price on quantity demanded as a result of switching by consumers to alternative or from alternative products.
Substitution effect

A rise in prices of goods and services means a fall in quantity demanded.
True

A fall in prices of goods and services will mean a rise in quantity demanded ceteris paribus (all things being equal). This relationship is referred to as _____.

Law of Demand

A rise in price of goods will translate to _____
a fall in quantity demanded

A fall in price means _____
a rise in quantity demanded

Table 2.1: Demand Schedule

Quantity Demanded for Bean Monthly						
Price Market Demand (naira per kg)		Ade	Joke	Ola	Others	Total
300	25	10	5	360	40	0
280		35	20	15	440	500
250		45	30	25	500	600
200		60	35	30	545	670
150		75	45	35	645	790
130		90	60	40		1000

_____is table showing the different quantities of a good and services a person is willing and able to buy at various prices over a given period of time.
Demand schedule

_____is a graphical representation of demand schedule.
Demand curve

A graphical representation showing the relationship between price and quantity demanded of a good at a particular point in time is called___
demand curve

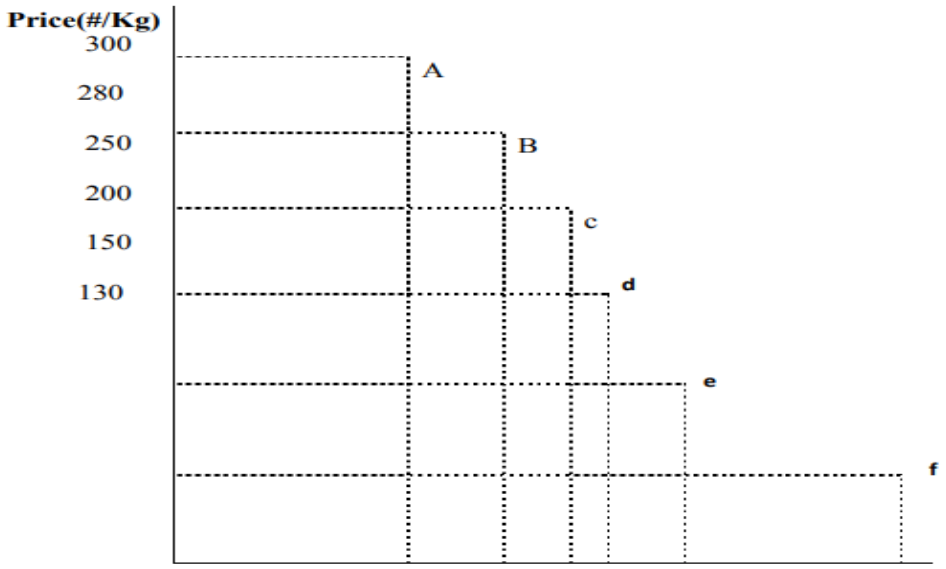


Fig. 2.1: Beans Market Demand Curve (Monthly)

The curve is downward sloping because _____

When the price is too high only few consumers that can afford it will buy

Factors affecting the demand curve

- Households‟ income
- Households‟ preference and taste
- Number of consumers and income distribution
- Expectation of future price change

_____are goods that can replace one another in consumption.

Substitute goods

Some commodities are related especially when they are consume together such as bread and butter, bread and cheese, tables and chairs, vehicles and fuel, shoes and polish etc. Such goods are referred to as_____.

complementary goods

The relationship between price and quantity demanded is referred to as _____

demand

Relationship between price and quantity supplied is known as_____

Supply

The effects of price on the demand curve known as _____
movement on the demand curve

The effects of other factors which are known as_____
the shift on the demand curve

The failure to supply when prices fall in the market as a result of oversupply by many firms who wants to make more profit while meeting the market demand is known as the _____
Law of Supply

3.2 Supply Curve

Table 2.4: Quantity Supplied for Bean Monthly

Price Supply (naira per kg)	Firm A	Firm J	Firm O	Others	Total Market
300	25	10	5	360	400
280	35	20	15	440	500
250	45	30	25	500	600
200	60	35	30	545	670
150	75	45	35	645	790
130	90	60	40	810	1000

_____is table showing the different quantities of a good and services a producer is willing and able to produce at different prices over a given period of time.
Supply schedule

That is quantity supplied by firm A, firm J, firm O, others firms as well as market total supply can be represented in a graph known as_____.
supply curve

Supply curve is a graphical representation of_____.
supply schedule

_____is a graphical representation of supply schedule

Supply curve

A graphical representation showing the relationship between price and quantity supplied of a good at a particular point in time iscalled____.
supply curve

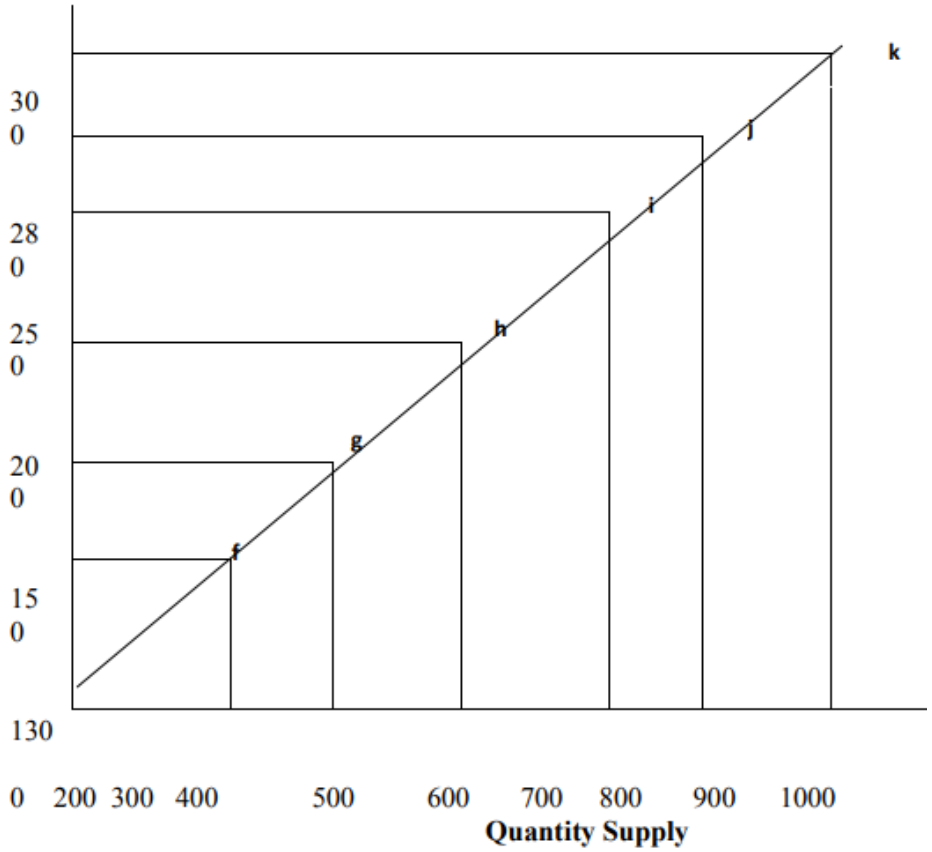


Fig. 2.4: Beans Market Supply Curve (Monthly)

Factors affecting supply of commodity

- Cost of production
- Change in production techniques
- Change in price of factors of production
- Price of alternative goods
- Price and future expectation
- Numbers of buyers and sellers

When quantity demanded is greater than quantity supply then we have what is called _____

"shortage" or „excess demand"

_____ is defined as market condition that exists when quantity demanded exceeds quantity supplied at the current market price.

Excess demand

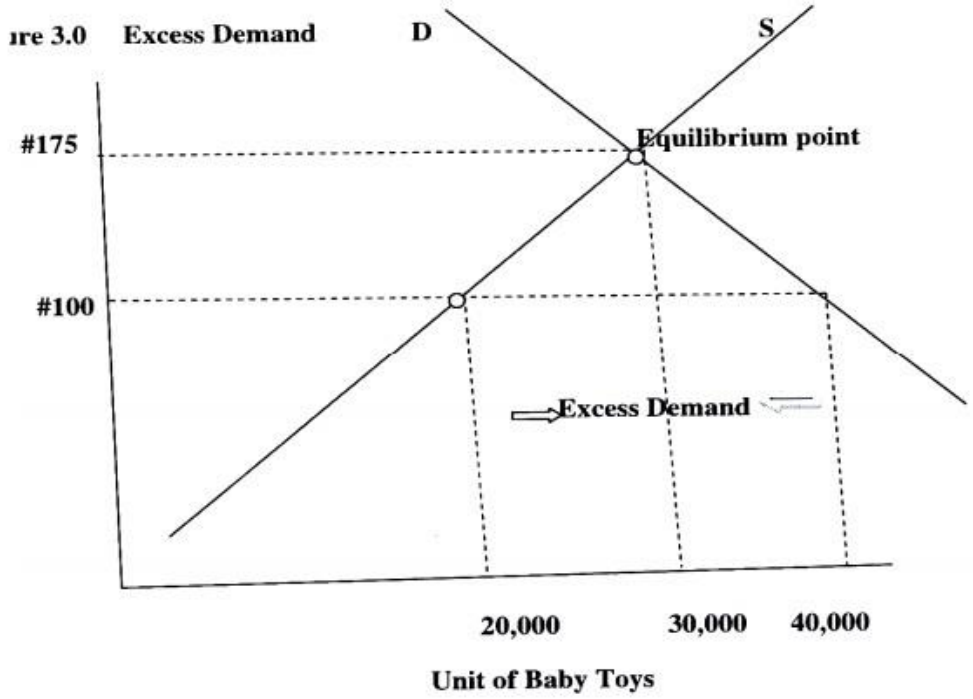


Fig. 3.1: Excess Demand

The point at which the demand and the supply curve intersect each other is known as the_____.

equilibrium point

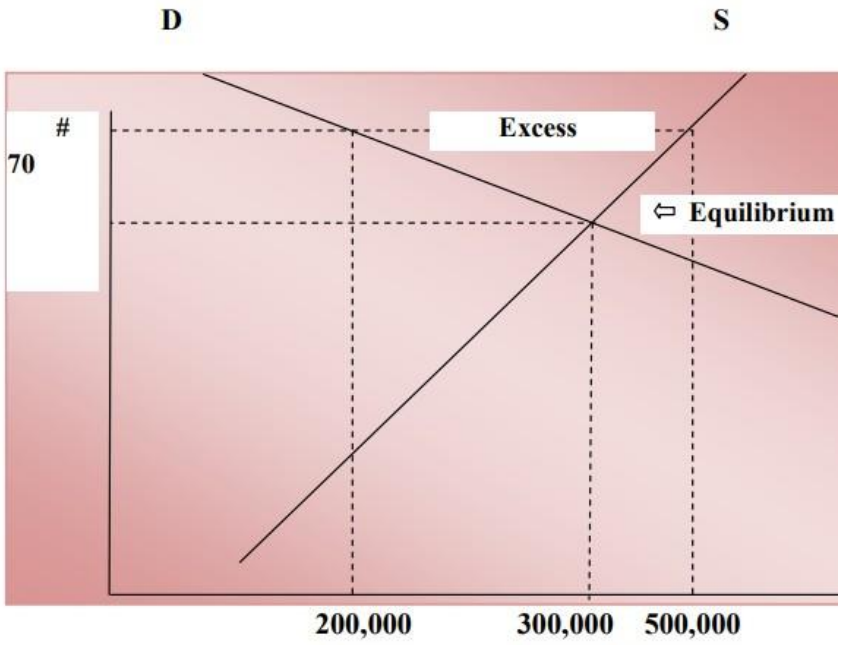


Fig. 3.2: Excess Supply

_____is a market condition where quantity supplied exceeds quantity demanded at the current market price.

Excess supply

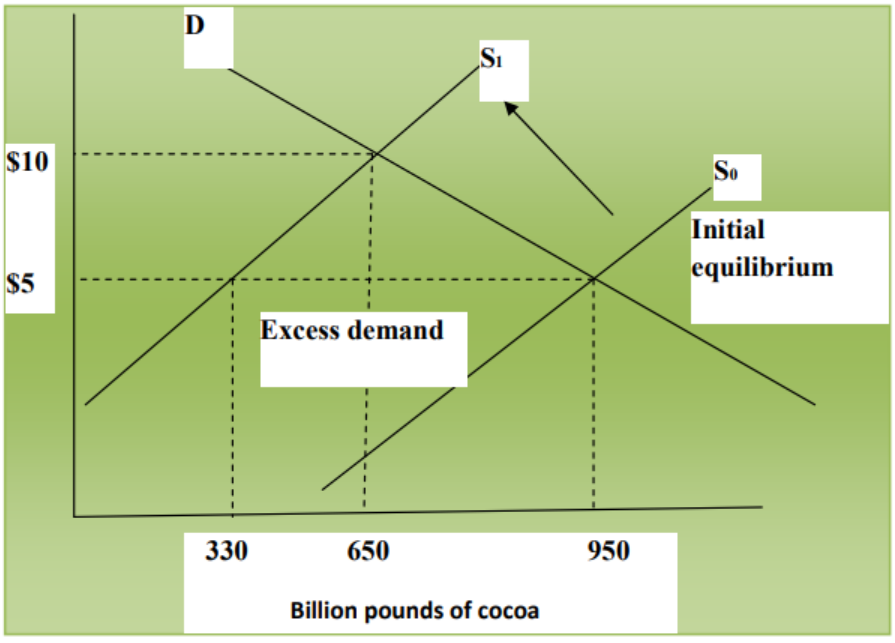


Fig. 3.3: Shift in the Supply Curve

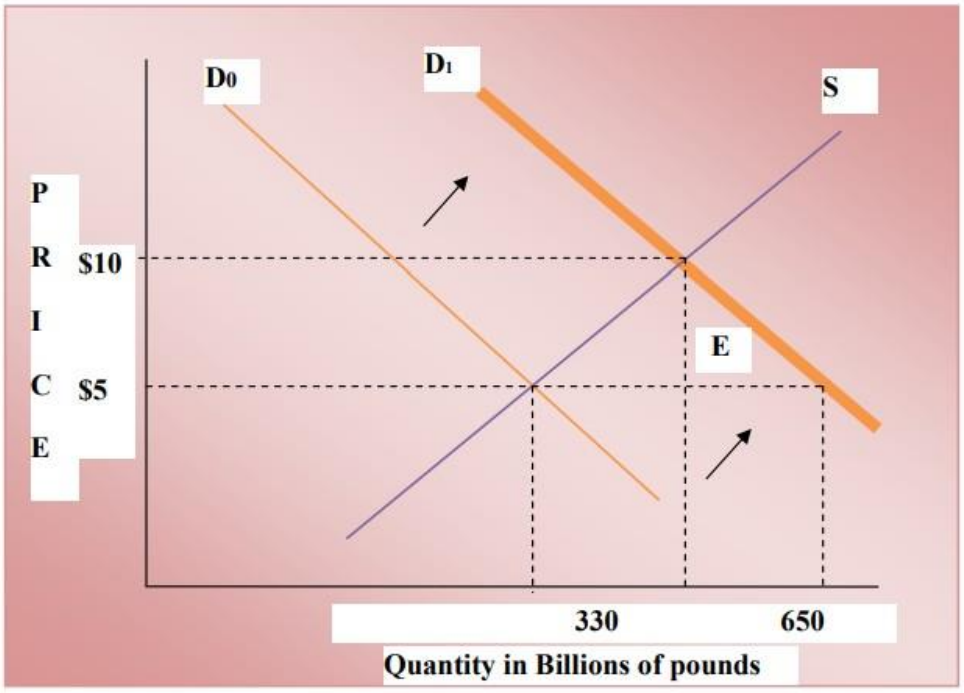


Fig. 3.4: Shift in the Demand Curve

Price ceiling is also referred to as _____
Upper Price Limit

_____occurs when the government set a maximum price that can be charged for a product in the market.
Price ceiling

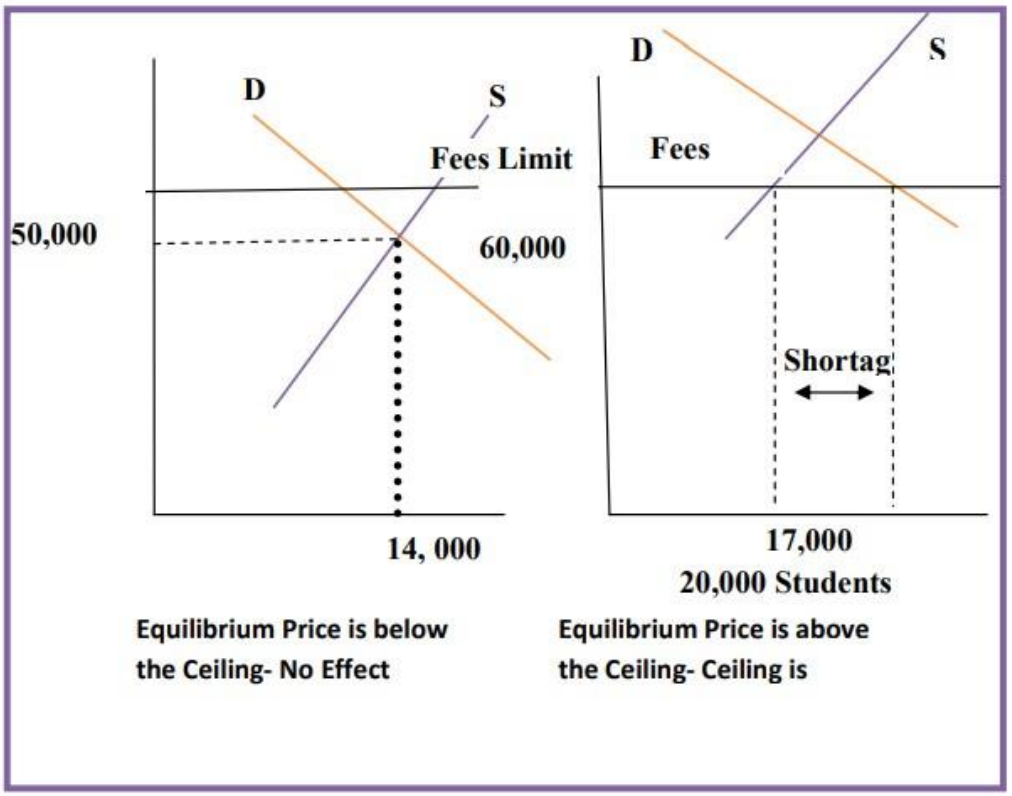


Fig. 3.7: Price Ceiling Graph

_____is the direct opposite of price ceiling.

Price floor

_____ when the government interferes in the market by setting a minimum price that can be charged on a particular product or services.

Price floor

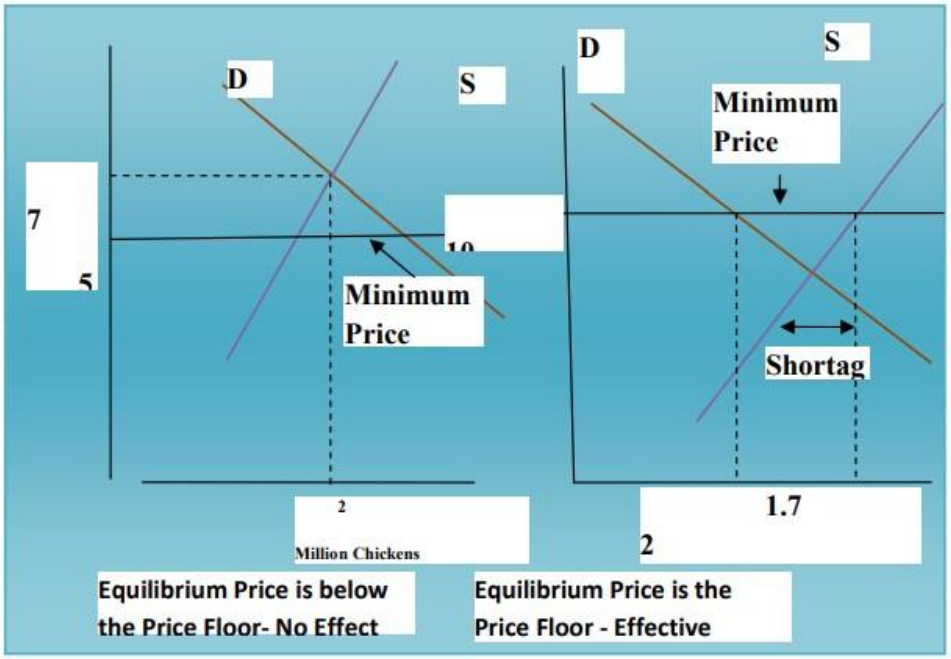


Fig. 3.8: Price Floor Graph

_____ is a concept that is used to quantify the response in one variable when there is change in another variable.
Elasticity

Price elasticity of demand can be described as proportional or percentage change in quantity demanded as a result of proportional or percentage change in that commodity‟s price.

_____is a demand wherein quantity demanded does not respond at all to price change.
Perfectly inelastic demand

When the percentage change in quantity demanded is the same as the percentage change in price in absolute value then we have_____.
unitary elasticity

_____ occurs when the absolute value of percentage change in quantity demanded is larger than percentage change in price.
Elastic demand

The elasticity of elastic demand product is usually greater than _____
1

_____ occurs when the quantity demanded dropped to zero with a little price change.

Perfectly elastic demand

Price elasticity of demand can be described as proportional or percentage change in quantity demanded as a result of proportional or percentage change in that commodity‟s price.

_____describes more accurately the percentage change.

Midpoint formula

_____ can be defined as a way of calculating percentage change in demand and price using the halfway values between Q1 and Q2 and P1 and P2.

Midpoint formula

The determinants of demand elasticity include

- substitute availability
- consumers‟ income
- addict or habit
- importance of a commodity

_____ is defined as the responsiveness of quantity supplied to a change in price.

Price elasticity of supply

The elasticity of supply for a unitary elastic product is always _____

One

_____ occurs when the absolute value of percentage change in quantity supplied is larger than percentage change in price.

Elastic supply

The elasticity of elastic supply product is usually greater than_____

1

_____ occurs when the absolute value of percentage change in quantity supplied change but the price remains the same.

Perfectly Elastic supply

The elasticity of elastic supply product is usually greater than_____

1

The determinant of supply elasticity

- spare capacity
- stock availability
- time

_____ is defined as the satisfaction or rewards derivable from consumption of a particular good or services relative to its alternatives.
Utility

_____ is the additional satisfaction or utility derived from consumption of addition units of a product.
Marginal utility

The different between marginal utility and total utility is that marginal utility comes from the last unit of a product consumed while total utility comes from the summation of satisfaction derived from all the units consumed.

The less the extra or additional utility in other words the less the marginal utility. This is referred to as_____.
diminishing marginal utility

_____is premised on the fact that though consumers are limited by their income and price of the goods, however their objective is utility maximisation.
Indifference curve

_____ is defined as the rate at which a consumer is willing to substitute one good for the other.
Marginal Rate of Substitution (MRS)

The alternatives move through a line as a result of the constraint. This line is called then Budget Line or Budget constraint.

Factors of production which cannot be varied in the process of production are referred to as _____
fixed factors

Those factors that can be varies in accordance with the availability of raw materials is called _____
variable factors

Example of fixed factor includes building, machinery, land etc while that of variable factors includes labour, working capital, raw materials etc.

Transformation of factor of production into goods and services that are used in satisfying consumer‟s want is referred to as_____.
Output

A person who manage and or own a firm; who also assume risk of operating and organising a business outfit is referred to as_____.
Entrepreneur

The_____is a period of time in production process when changes in variable factors of production determines the firm‟s output while one or more of the firm‟s input is fixed.
Short-run

The_____is a period of time in production process when all factors of production are varied that is no fixed factor.
Long-run

List of Factors of Production

- Land
- Labour
- Capital
- Entrepreneur

_____is regarded by economist as natural resource.
Land

The reward for land is called _____
Rent

_____ is the physical and mental human effort that is input into production process whether the production process is computerised or not.
Labour

The reward for labour is_____
Wages

_____ encompasses money all and all other tangible assets such as building, machinery, equipments and furniture
Capital

Capital has a reward referred to as _____
interest

_____ is a process of transforming input (factor of production) into output (goods and services) that satisfy human wants.
Production

_____ is the total amount of output produced from combination of certain inputs with a particular production technology.
Total output (TO)

_____is the overall sum of revenue generated from total product sold (Q x P)
Total revenue (TR)

_____is the overall sum of total fixed and variable costs incurred in the production process (TFC +TVC)
Total cost (TC)

_____ is the average amount of product produced by one unit of a variable factor of production or total product from the input divided by the amount of input employed to produce that total product.
Average product (AP)

_____ is a change in total cost of production that results into one unit change in output.
Marginal Cost

_____ is the additional product to total product resulting from additional use of one unit of variable input.
Marginal product

_____are cost that varied not with the firm‟s total product.
Fixed Cost (FC)

_____is the total fixed cost (TFC) divided by total output (TO) will give us AFC (TFC/TO).
Average Fixed Cost (AFC)

Total cost divided by total output (TC/TO) is called_____
Average Cost

_____is costs inquire in the production process that varies with the quantity produce.
Variable Cost (VC)

_____ costs incurred by the firm that varies with the firm‟s total product.
Total Variable Cost (TVC)

The difference between the total revenue minus total cost is known as_____
Profit

_____is defined as the average amount of product produced by oneunit of a variable factor of production or total product from the input divided by the amount of input employed to produce that total product.
Average product (AP)

_____is the addition to total product resulting from additional use of one unit of variable input.
Marginal product (MP)

The word Monopoly has Greek origin, „mono‟ in Greek means „one‟ while „polist‟ mean „seller‟.

_____is anything that can impede the entry of other firms into an industry such that it limits the competition faced by the existing firm in the industry.
Entry barrier

If a monopolist dominates the industry as a result of substantial economic of scale then he becomes a_____.
pure monopolist

An American Economist Edward Chamberlin developed theory of monopolistic competition in the_____.
1930s

_____occurs when price and quantity are explicitly fixed by the firms in the industry.
Collusion

_____occurs when firms fixed prices and quantities implicitly.
Tacit collusion

Another form of oligopoly is the Cournot model usually referred to as_____
duopoly

_____ is a group of firms that comes together to make price and output decisions in order to maximise profit.
Cartel

Duopoly was postulated by Augustin Cournot with the following assumptions

- there are just two firms in the industry
- each firm takes the output of the other firm as given
- both firms maximise profits

Duopoly was postulated by _____
Augustin Cournot

_____ is where a firm dominates the industry by setting prices for the industry"s output and all smaller firms in the industry follows its pricing policy.
Price-Leadership Oligopoly

The smaller firms in the industry tends to constraint the dominant firm"s power and a way to deal with such constraint is for the dominant firm to set temporary but artificially lower price known as _____
predatory pricing

Monopolistic competition is similar to pure competitive because_____
entry and exit are free thereby eliminating supernatural profit in the long-run

_____ controls the behavior of monopolistic competitive firm
Competitive force

A monopolistic competitive firm will earn short-run profit at a point where_____.
MC=MR

All forms of oligopoly market structure laid emphasis on_____.
Interdependency

_____enjoys considerable consumer surplus due to efficiency of many firms in the industry which usually eliminate supernatural profit.
Consumer

Consumer enjoys considerable consumer surplus due to efficiency of many firms in the industry which usually eliminate supernatural_____.
Profit

_____ safeguards his supernatural profits by reducing quantity of output produced.
Monopolist

Monopolist safeguards his supernatural profits by reducing quantity of _____produced.
Output

_____ are characterised with smallness or largeness of the firm in the industry and entry and exit barrier for new firm that may like to competeaway positive profit earn by existing firm.
Market structure

Profit maximising point for firms under perfect and monopoly market structure is the same
True

The three economic decision making units are;_____, government and household
firms

The three economic decision making units are; firms,_____and household
government

The three economic decision making units are; firms, government and _____
Household

The marginal rate of substitution (MRS) is an analysis in _____
Utility theory

The economic decision on what to produce; how and where to produce; for whom to produce; is made by the government_____in the economy
private sector

In profit making, the Power Holding Company Nigeria makes_____profit
Abnormal

When the government set a maximum price that can be charged for a product in the market it is termed.
Price ceiling

The demand curve facing the perfect competitor is _____
Downward

A concept used to quantify the response of a variable when there is change in another variable is termed _____
Elasticity

Scarce resources and insatiable human wants are the_____in economic life
Balance to strike

The relationship between price and demand is said to be _____
Negative

The rating of goods and services from_____is needed to take a decision of what to produce
Most valued to least valued

A percentage change in quantity demanded as a result of a percentage change in that commodity‟s price is known as _____of demand
Price elasticity

Social institutions have its influence on_____ which determines their decisions in answering basic economic problem
Human behaviour

A situation where quantity demanded does not respond to increase in price it is termed_____
Zero elastic demand

Individual and institutions work together to answer basic_____in relation to the resources in the society and its scarcity
Economic problems

Elastic demand occurs when the absolute value of percentage change inquantity demanded is_____than percentage change in price
Larger

_____is the direct opposite of price ceiling.
Price floor

A_____is an economic system in which government solely take economic decisions
Controlled economy

Free market economy or market economy is an economic system where the basic economic decisions are made by the buyers and sellers, individual households and businesses in the economy_____mechanism
Through the price

Goods and services usually referred to as commodities are produced by firms while,_____are the consumers of the commodities
Households

The larger the amount of consumer‟s income a commodity will consume the more_____the demand for such commodity.
Elastic
In a traditional economy, economic decisions are made based on _____
Norms

The field of economics is divided into two main areas_____and_____
Macro and microeconomics

Major problems of any economy are, what to produce and how to produce
False

As far as basic economics is concerned, a _____is rational
Consumer

Human wants are limited and ever dynamic due to ever changing demands and needs for resources which are unlimited
False

A market economy system is otherwise known as_____
Capitalist economy

Social institutions emerge to resolve the_____between individual objectives.
Conflict

The percentage change in quantity demanded due to the percentage change in income is known as _____
Income elasticity of demand

The degree of responsiveness of change in quantity demanded of a good to change in consumer‟s income is known as _____
Income elasticity of demand

There is usually a_____between the two choices an individual makes
Trade-off

The responsiveness of change in quantity demanded of a good to change in price of a related commodity is _____
Cross elasticity of demand

The contentment gotten from the consumption of a particular good or services is termed _____
Utility

The graph of perfectly inelastic demand is _____
Vertical

Human wants are limited and ever dynamic due to ever changing demands and needs for resources which are unlimited
False

Scarcity is the central problem of _____
Economy

The negative slope of demand curve indicates_____
More is demanded at lower price

When total utility is at the highest, marginal utility is _____
0

_____price indicate agreement between buyer and seller
Equilibrium

_____theory is one of the techniques used to measure consumer behaviour.

Utility

A market economy system is otherwise known as _____
Capitalist economy

_____is defined as the rate at which a consumer is willing to substitute one good for the other.
Marginal rate of substitution

The need for economics is beckoned on scarce resources, if all resources are abundantly available, there should be no need for the study of economics
False

Price elasticity of _____is defined as the responsiveness of quantity supplied to change in price.
Supply

_____ have its influence on human behavior which determines their decisions in answering basic _____
Social institutions, economic problem

Demand curve is always downward sloppy from the left to the right
False

Free market economy or market economy is an economic system where the basic economic decisions are made by the buyers and sellers, individual households and businesses in the economy_____mechanism
Through the price

_____price indicate agreement between buyer and seller
Equilibrium

The economic decision on what to produce; how and where to produce; for whom to produce; is made by the government_____in the economy
private sector

In profit making, the Power Holding Company Nigeria makes_____profit
Abnormal

When the government set a maximum price that can be charged for a product in the market it is termed_____
Price ceiling

The demand curve facing the perfect competitor is _____
Downward

A concept used to quantify the response of a variable when there is change in another variable is termed _____
Elasticity

Scarce resources and insatiable human wants are the _____in economic life
Balance to strike

The relationship between price and demand is said to be _____
Negative

The rating of goods and services from_____is needed to take a decision of what to produce
Most valued to least valued

A percentage change in quantity demanded as a result of a percentage change in that commodity‟s price is known as_____of demand
Price elasticity

Social institutions have its influence on_____ which determines their decisions in answering basic economic problem
Human behaviour

A situation where quantity demanded does not respond to increase in price it is termed_____
Zero elastic demand

Individual and institutions work together to answer basic_____in relation to the resources in the society and its scarcity
Economic problems

Elastic demand occurs when the absolute value of percentage change in quantity demanded is_____than percentage change in price
Larger

_____is the direct opposite of price ceiling.
Price floor

Price floor is the direct opposite of____.
price ceiling

A_____is an economic system in which government solely take economic decisions
Controlled economy

Free market economy or market economy is an economic system where the basic economic decisions are made by the buyers and sellers, individual households and businesses in the economy_____mechanism
Through the price

Goods and services usually referred to as commodities are produced by firms while,____are the consumers of the commodities
Households

The larger the amount of consumer‟s income a commodity will consume the more_____the demand for such commodity.
Elastic

Demand and price is best linked to the explanation of _____
Income and substitution effects

In a traditional economy, economic decisions are made based on _____
Norms

The field of economics is divided into_____ main areas
two

Major problems of any economy are, what to produce and how to produce
False

As far as basic economics is concerned, a _____is rational
consumer

Human wants are limited and ever dynamic due to ever changing demands and needs for resources which are unlimited
False

Social institutions emerge to resolve the_____between individual objectives.
Conflict

The percentage change in quantity demanded due to the percentage change in income is known as_____
Income elasticity of demand

The degree of responsiveness of change in quantity demanded of a good to change in consumer‟s income is known as _____
Income elasticity of demand

There is usually a_____between the two choices an individual makes
Trade-off

The responsiveness of change in quantity demanded of a good to change in price of a related commodity is _____
Cross elasticity of demand

The contentment gotten from the consumption of a particular good or services is termed _____
Utility

The graph of perfectly inelastic demand is _____
Vertical

Human wants are limited and ever dynamic due to ever changing demands and needs for resources which are unlimited
False
Scarcity is the central problem of _____
Economy

Demand and price is best linked to the explanation of_____
Income and substitution effects

The negative slope of demand curve indicates _____
More is demanded at lower price

When total utility is at the highest, marginal utility is _____
0

_____price indicate agreement between buyer and seller
Equilibrium

_____theory is one of the techniques used to measure consumer behaviour.
Utility

_____is defined as the rate at which a consumer is willing to substitute one good for the other.
Marginal rate of substitution

The need for economics is beckoned on scarce resources, if all resources are abundantly available, there should be no need for the study of economics
False

Price elasticity of_____is defined as the responsiveness of quantity supplied to change in price.
Supply

Supply of palm kernel and palm oil is an example of_____supply
Joint

The quantity of a commodity the producer is willing and able to sell at the current market price is known as_____supply
Market

_____ supply imply production of two commodities from the same raw material
Competitive

The equation Q = a + tP, depicts_____function
Supply

A production period in which some input factors are fixed while other varies is known as _____
Short run

Regulation of price by government is known as_____
Price Control

The field and discipline of economics is divided into two main areas, levelled to_____and the society
Individuals

If government fixes price above equilibrium, it is known as_____
Price Floor

_____is the study of individuals, their economic decisions making, and how those decisions intermingle.
Microeconomics

Consumer‟s income is one of the factors that affect_____supply
Market

If Qd = 5 - P , and Qs = -5 + P, then equilibrium price will be_____
N5

_____is the study of the overall functioning of an economy such as basic economic growth, unemployment, or inflation, etc.
Macroeconomics

There is usually a_____between the two choices an individual makes
trade-off

Supply of palm kernel and palm oil is an example of_____supply
Complementary

Human wants are_____and ever dynamic due to ever changing demands and needs for resources which are limited.
Unlimited

Competitive supply imply production of two commodities from the same_____
raw material

_____emerge to resolve the conflict between individual objectives.
Social institution

A production period in which some input factors are fixed while other varies is known as _____
Short run

In Nigeria, people of Abeokuta is known for the_____cloth business while the Oke-Ogun people continue to produce the_____traditional attires
„adire‟ / „ofi‟

The study of individuals, their economic decisions making, and how those decisions intermingle is called _____
Microeconomics

The direct exchange of goods and services with other goods and services is known _____
Barter trade

Opportunity cost is a/an_____cost
Implicit

Movement along demand curve is also known as _____
Change in quantity demanded

The additional satisfaction you derived from the consumption of second sachet of cold pure-water is called_____in economics
Marginal utility

An Inquiry into the nature and causes of the wealth of nation is a book written by _____
Adam Smith

The economics concept in which consumption of several units of a particular commodity results to continuous lower level of additional satisfaction is known as _____
Diminishing marginal utility

As far as basic economics is concerned, it is assume that people act_____so as to gain the most benefit for themselves especially when benefit is compared with the associated costs
Rationally

Indifference curve represents the consumer‟s _____
Choice

Human wants are_____and ever dynamic due to ever changing demands and needs for resources which are limited.
Unlimited

Budget line is also known to as _____
Price line

_____emerge to resolve the conflict between individual objectives.
Social institutions

Change in total outlay of production as a result of change in a unit output is _____

Marginal cost

An example of traditional economies in the Middle East is _____

Kingdom of Saudi Arabia

Allocated resources as inputs through production are transformed into what is called _____

Output

Price ceiling is always fixed_____equilibrium price

Below

The direct exchange of goods and services with other goods and services is known_____

Barter

In a controlled economy, it is the_____that makes the economic decision and it is solely done meaning that there are no_____sector initiatives

Government, private

In a traditional economy, the economic decisions are made based on believes.

True

Controlled or Planned economies are usually associated with_____and Communism where government determines the wages of workers, the prices of goods and services and level of output.

Socialism

Change in demand is also known as_____

Shift in demand curve

In the case of a controlled economy, the government that makes the economic decision and it is solely done meaning that there are no_____ sector initiatives

Private

All thing being equal, the following equation; Q = r - kP, depicts_____

Demand function

Former Soviet Union, Cuba, Germany, Russia, North Korea etc are close examples of_____economies
Controlled

Degree of responsiveness of demand to change in commodity own price is_____
Price elasticity of demand

In economics the central problem is_____
Scarcity

_____elasticity of demand is the degree of responsiveness of demand to a change in consumer's income
Income

A budget line is_____
Downward sloping

In profit making, the Power Holding Company Nigeria makes_____profit
Abnormal

The demand curve facing the perfect competitor is _____
Upward

The amount of satisfaction derive from consumption of a particular commodity is _____
Satisfactory

Scarce resources and insatiable human wants are the_____in economic life
Variables

A budget line is _____
Slanting

The rating of goods and services from_____is needed to take a decision of what to produce
most valued to least valued

Price ceiling is always fixed_____equilibrium price
Below

Social institutions have its influence on_____ which determines their decisions in answering basic economic problem
human behavior

In a controlled economy, it is the_____that makes the economic decision and it is solely done. Meaning that there are no_____sector initiatives
private/ government

Individual and institutions work together to answer basic _____in relation to the resources in the society and its scarcity
Economic problems

Controlled or Planned economies are usually associated with _____ where

government determines the wages of workers, the prices of goods and services and level of output.
Socialism and Communism

Free market economy is an economic system where the basic economic decisions are made by the _____
Buyers and sellers

Former Soviet Union, Cuba, Germany, Russia, North Korea etc are close examples of_____economies
Controlled or Planned

A society where economic decisions are taken based on believes, norms and customs is known as _____
Monarchial society

Free market economy is an economic system where the basic economic decisions are made by the buyers and sellers, individual households and businesses in the economy through the _____
market mechanism

Demand for a commodity is quantity of that commodity_____by an individual or family or group of people at different prices at a given time inplace
acquired

Demand and price is best linked to the explanation of_____
Supply effects

In economics the central problem is_____
production

As far as basic economics is concerned, a _____is rational
seller

Macroeconomics deals with_____
the activities of individuals units

Microeconomics is not concerned with the behaviour of _____
aggregate demand

Social institutions emerge to resolve the_____between individual objectives.
conflict

In economics, goods and services usually referred to as _____
articles

The degree of responsiveness of change in quantity demanded of a good to change in consumer‟s income is known as _____
Income elasticity of demand

The total demand for goods and services in an economy is known as_____
Price elasticity of supply

Change in input price, government policy, organizational change may lead to_____
higher cost of production for a firm

The graph of perfectly inelastic demand is _____
Horizontal

Change in input price, government policy, organizational change may lead to_____
higher cost of production for a firm

The point at which demand equate supply is known as_____
equilibrium point

Scarcity is the central problem of _____
Exchange

The negative slope of demand curve indicates_____
More is demanded at lower price

The following equation; Q = r - kP, depicts_____
Supply function

The tabular representation of quantity demanded of particular commodities at different prices _____
supply function

A market economy system is otherwise known as_____
Capitalist economy

The inputs that changes with level of outputs are known as_____
Change inputs

The major problems of any economy are: what to produce and how to produce
True

Equilibrium point simultaneously determine, equilibrium_____and_____
price, quantity

An economic system consists of_____,_____and their interaction in the process of answering basic_____
individual, institutions; economic issues

The law of diminishing returns or variable proportion is only applicable in the_____
long run

In Mixed economy, economic decision on what to produce; how and where to produce; for whom to produce; is made jointly by the_____and_____ sectors in the economy
public and the private

Return to scale law is applicable in the_____
long run

The key economic problem is that human wants are_____, while resources are _____
unlimited, limitless

The demand curve facing the monoplist is_____
downward

Pure monoplist is when the monopolist has_____in the industry.
large economies of scale

In profit making, the monopolist profit could be_____both in short and long runs
Abnormal

In an imperfect competitive market, monopoly stands out as a kind.
Yes

The key economic problem is that human wants are_____, while resources are_____
limitless, limited

Return to scale law is applicable in the_____
long run

The law of diminishing returns or variable proportion is only applicable in the_____
short run

Equilibrium point determine, equilibrium_____and_____
price, quantity

Income and substitution effects are better use in explaining the link between_____and_____
demand and price

Free market economy or market economy is an economic system where the basic economic decisions are made by the buyers and sellers, individual households and businesses in the economy_____mechanism
through the price

The need for economics is beckoned on scarce resources, if all resources are abundantly available, there should be no need for the study of economics
False

_____ is the additional satisfaction or utility derived from consumption of addition units of a product

Marginal utility

_____is the summation of satisfaction derived from all the units of goods consumed

Total utility

What inform the choice made is based on the_____derivable from particular goods and that of its alternative

Satisfaction

In choice making, relative worth of different goods and services are considered. This consideration is known as satisfaction, but to economist it is called_____

Utility