

# REFLECTIVE QUIZ COMPILATION

NUTM Nexus Writing Team

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## Week 1

### Questions

1. Macroeconomics deals with broad economic issues such as the national income, unemployment, taxation, inflation and economic growth. True or False?
2. In which book published in 1936 did John Maynard Keynes originate macroeconomics?
3. Analysis of the behaviour of small-scale economic systems, regional and local economy also constitute the broad areas of macroeconomics. True or False?
4. What are the economic problems macroeconomics seeks to resolve?
5. In comparing the US economy, UK economy and Nigeria economy, will you deploy microeconomics or macroeconomic tools? Why?
6. Mention 4 limitations inhibiting the effectiveness of macroeconomics.
7. What is Bloom Taxonomy? On which ladder of the pyramid are you? Why?

### Answers

1. True.
2. *The General Theory of Employment, Interest and Money.*
3. False.
4. Problems such as poverty, inequality, underdevelopment, unemployment, economic stability, fiscal and monetary controls.
5. Macroeconomic. Because of its wider coverage of the economic activities.
6. Political Caveat, Invalid Assumptions, Broadness Caveat, Informal Sector, Accuracy of Projections, Data Accuracy, International Effects and Human Capital.
7. A framework used to understand students' learning and cognitive development progress. We are on the "Knowledge ladder", gravitating towards the "Understanding Ladder". Because of the satisfactory demonstration of the "Knowledge ladder" mastery and indicated beginner's efforts to function on the "Understanding Ladder". However, this is largely individualistic!

## Week 2

### Questions

1. What is Aggregate Demand and Aggregate Supply?
2. Distinguish between Aggregate Demand and Aggregate supply vis-à-vis Ordinary Demand and Ordinary Supply?
3. Does the generic laws of demand and supply hold for Aggregate Demand and Aggregate Supply? What's the exception?
4. Is GDP another lingo for Aggregate Supply and National Income another lingo for Aggregate Demand?
5. Why would change in aggregate supply not generally responds to a change in the market price in the long run?
6. Mention 3 elements each of Aggregate Demand and Aggregate Supply?
7. Mention 3 attributes that established the relationship between Aggregate Demand and Aggregate Supply?
8. Mention 2 conditions each that affect both the short-run and long-run Aggregate Demand and Aggregate Supply?

### Answers

1. Aggregate Demand is the total amount of goods and services demanded in an economy at the prevailing market price over a given period of time. Total expenditure of the economy. Aggregate Supply is the total amount of goods and services produced and supplied in an economy at the prevailing market price.
2. Aggregate DD and Aggregate SS are holistic or macroscopic view of the economy WHILST, Ordinary Demand and Ordinary Supply are individualistic and microscopic.
3. YES, except that in the long run aggregate supply is flexible and not generically positive as it is in the short run.
4. GDP is for Aggregate Demand as National Income is for Aggregate Supply.
5. Because of the existence of the imperfect market agents [monopoly, oligopoly, etc.] who are not price takers in the long run.
6. AD is Consumption/Investment/Govt Spending; AS is Consumption/Saving/Resource Prices.
7. Signify total SS/DD in an economy; determines the price and output at equilibrium in an economy and basic tools to analyze inflation, growth, etc. and diagnose the economic activities.
8. AD is Pricing and Profitability; AS is Pricing and Inputs variability.

## Week 3

### Questions

1. What is the National Income? What is the best and common measure of the NI [Y]?
2. What is the basic difference between the GDP and GNP?
3. Differentiate between Nominal and Real GDP?
4. What is GNP? Differentiate between GNP @ market price and GNP @ factor price?
5. Enumerate 4 importance of the National Income?
6. Mention Five problems and limitations of the National Income?
7. Mention and explain the three methods of measuring the National Income?
8. Analyze the intricacies and interwovenness of the National Income Flow using two sectors and three sectors models?
9. What is the current relationship between the National Income of Nigeria and the welfare of the Nigerian citizens and residents?
10. What will you do to enhance the National Income of NUTM to improve the welfare of NUTM citizens [students/workforce] and residents [temps]?

### Answers

1. National Income is the total monetary value of all the goods and services produced in a country over a period of time, usually measured in a fiscal year. GDP is the best measure.
2. GDP does not account for net income from abroad while GNP accounts for it.
3. Nominal GDP is measured at current prices and Real GDP is adjusted for price inflation.
4. Gross National Products measures the national income by accounting for net income from abroad GNP at Market Price [total output produce multiplied by market price] GNP at Factor Price [total output produced multiple by factor inputs].
5. Living standard/Budgeting/Economic policies/Inflation & Deflation/Economic growth and dev.
6. Quality of life/Inflation caveat/Externality/Wealth distribution/Blackmarket/Accuracy/Informal.
7. Income Approach/Expenditure Approach/Output of Production Approach.
8. Labour-Investor [wages paid is recycled back to investor via the bank as investment capital, etc. WHILE, Labour-Investor-Government [labour and investor pay taxes to the Gvt for to run the state.
9. NI is improving per GDP [NBS] but the overall welfare of Nigerians/residents is pitifully poor.
10. Innovate a potentially patentable invention, enroll students from Alma Mater, organize summer school for high school students in Apapa and environs, be an off-the-cuff thinker!

## Week 4

### Questions

1. What is the basic theoretical rationale behind consumption, savings and investment?
2. What is the bedrock of the interrelationship among consumption, savings and investment? How?
3. Describe the general relationship between consumption and savings? What's yours?
4. Contrast the marginal propensity to consume and the marginal propensity to save?
5. Contrast the average propensity to consume and average propensity to save?
6. Analyze the relationship between consumption and investment? What's yours?
7. What is the economic implication when underconsumption begets underinvestment?
8. Describe the general relationship between savings and investment? What's yours?
9. Enumerate 5 challenges of consumption, savings and investment in Nigeria?
10. What should be the typical rule of thumbs of financial management and budgeting for a typical NUTM Student?

### Answers

1. How much of the  $C+I+G$  income is consumed, saved or invested.
2. Income. Earning [salary, profit or taxes] is pedestal to consumption, savings and investment?
3. Driven by disposable income. There is a direct relationship between consumption and savings. The higher the level of consumption the lower the rate of savings and vice versa.
4. Ratio of additional disposable income spent on consumption and, ratio of change in savings due to change in disposable income.
5. Fraction of the disposable income spent on consumption and, Fraction of the disposable income spent on savings.
6. In the short run, consumption generally spurs economic activities and propel further productive activities but On the long run, excessive consumption results in price inflation which hinders continuous economic growth.
7. Results in reduced welfare/output, unemployment, recession leading to slow economic growth.
8. The major determinants of the wealth of a nation, a company and household  $[C+I+G]$ . Savings so invested increases productive investments leading to full employment and economic growth.
9. Change in income/inheritances/expectations/orientation/fiscal-monetary policy.
10. 90-10-0 or 80-20-0.

## Week 5

### Questions

1. What is fiscal policy in the Nigerian context?
2. What are the instruments of fiscal policy in Nigeria?
3. Which fiscal policies have immediate effects? which policies have long term effects?
4. What does it mean when fiscal policy is cyclical and countercyclical?
5. Mention six objectives of fiscal policy?
6. Outline six challenges of fiscal policy?
7. How does the Nigerian government deploy fiscal policy to finance development?
8. Which arms or agencies or institutions of the Nigerian government are responsible for fiscal policies administration and implementation?
9. Describe a scenario when fiscal policy is contradictory and counterproductive?
10. Explain why subsidy is regarded as a form of fiscal policy the world over?

### Answers

1. Government driven corrective intervention using government spending [expenditure], subsidy, taxes, etc., to regulate and influence macroeconomic variables and economic activities.
2. Budget/ Taxes/ Government expenditure/ Subsidy/ Wealth redistribution.
3. Taxes/ Subsidy/ Government spending/ Wealth redistribution.
4. Cyclical by being responsive to economic stimuli and countercyclical by using the yearly budget to correct cyclical abnormalities.
5. Economic Growth & Development/ Increase Investment/ Price Stability/ Reduce Unemployment/ Alleviate Poverty/ Favourable Balance of Payment/ Stable Exchange Rate/ Achieve Equity.
6. Corruption/Lack of Institutional Capacity/ Accuracy in economic data/analytics/ Lack of effective managerial controls/ Revenue management is inefficient/ Time horizon.
7. Government spending/ Tax holiday/ Budgetary allocation, etc.
8. FIRS, Ministry of finance and budget, Aso Rock, state and local government council.
9. Tax reduction results in more disposable income, but also reduces government revenue.
10. Because it reduces the amount payable for goods and services purchased by the Nigerian citizens/residents thereby increasing the average propensity to save/invest.

## Week 6

### Questions

1. What is monetary policy?
2. What is the major goal of monetary policy?
3. During economic recession, Central Banks increases the supply of money in circulation, while during inflationary period, the Central Bank decreases money supply in circulation? True/False?
4. Who has sole authority to employ and deploy monetary policy as panaceas for price stabilization?
5. In which century and which bank did monetary policy originate from?
6. Mention 5 instruments of monetary policy?
7. Enumerate 5 objectives of monetary policy?
8. What are the 6 notable challenges of monetary policy?

### Answers

1. Discretionary measures designed by the monetary authority i.e. Central Banks [of Nigeria] to regulate the supply, cost and value of money and credit availability in an economy.
2. The major goal of monetary policy is to stabilize price of goods and services for stable and sustainable economic growth.
3. True.
4. Central banks.
5. Monetary policy is traced back to the Bank of England in the 17th century.
6. Reserve requirement/interest rates/open market operation/special deposit/moral-suasion.
7. Price stability/reduction in unemployment/stable exchange rate/favorable balance of payment.
8. Corruption/institutional capacity/data accuracy/managerial control/political bias/timing.

## Week 7

### Questions

1. Define the Nigerian Naira?
2. Describe the physical and behavioural symbolism of the Nigerian Naira?
3. How did commodity money contribute historically as a means of payments?
4. At which conference/what year was the Fiat money introduced/accepted worldwide?
5. What year was Fiat money introduced in Nigeria and who was the President then?
6. Mention the 5 types of money in the Nigerian financial system?

7. Enumerate six functions of money in the Nigerian economy?
8. List six characteristics of the Nigerian Naira?
9. Analyze six different types of financial institutions in Nigeria?
10. What are the roles of financial institutions in Nigeria?
11. Describe the Barter System and its inherent problems in pre-monetary Nigeria?

## Answers

1. A generally acceptable legal means of payment and debts settlement in Nigeria.
2. Possess certain physical features; shape, colour, drawings, numbering, denomination and portable. Also, its intrinsic homogeneity and wide acceptability are unquestionable in Nigeria.
3. Gold/silver merchants issued receipts to their depositors and the receipts became generally accepted as a means of payments, recognized as a form of legal tender from merchants.
4. Bretton Woods Conference of 1944 [towards the end of the 2nd World War], Fiat currencies [tied to the United States Dollars - USD] was introduced and adopted by most countries of the world as legal tenders.
5. 1973/President Gowon.
6. Commodity/Banknotes and Coins/Token/Demand Deposit/Digital.
7. Legal Tender/Transactionary/Precautionary/Speculative/Unit of Account/Measure of Value.
8. Recognizability/Scarcity/Portability/Durability/Divisibility/Uniformity/Fungibility.
9. Commercial/Central/Merchant/Mortgage/Investment/Credit Union/Brokerage/Insurance.
10. Intermediator/Economic Growth/Assets Ownership & Management/International Trade/Liquidity/Empl & Portfolio Management/Execute Government Policies.
11. Primitive means of exchange; goods & services exchange with goods & services. Problems are double coincidence, indivisibility, cumbersomeness, storageability.

## Week 8

### Questions

1. Inflation describes an economic situation where the general prices of goods and services gradually and persistently increase in response to low supply of money. TRUE/FALSE?
2. Economists believe the economy must have some level of inflation to stabilize and balance the economy. TRUE/FALSE? What percentage of this level of balancing inflation is the global standard?
3. What differentiates hyper-inflation from creeping inflation?
4. What is the meaning of Core Inflation?
5. List five causes of inflation in Nigeria and Africa.

6. Contrast the Positive and Negative consequences of inflation?
7. Enumerate 5 ways to generally control the inflationary trend? Which one is your best?
8. Mention and define two ways of measuring inflation?
9. What is Deflation? Mention 3 Causes/Effects/Controls of Deflation?

## Answers

1. FALSE, rather it is due to HIGH supply of money.
2. TRUE. 2-3%.
3. Hyper-inflation is an extreme level of inflation where the value of money and aggregate demand slumped, while creeping inflation is a gradual increase in the prices of goods and services and gradual decrease in the value of money over a period of time.
4. An inflationary period that excludes certain basket of goods and services with high volatility such as perishables and energy services.
5. Cost-push/Imported/Exchange rate/Population structure/Monopoly/Climate.
6. Positive effect is a rise in profit of some strategically positioned companies/compradors such Dangote, UBA, etc. While Negative effects occurs when Decrease in real income because aggregate supply cannot meet aggregate demand.
7. Monetary policy/ Fiscal policy/ Technological improvement/ Institutional capacity/ Rationing.
8. Consumer Price Index [CPI] Approach measures the percentage change in prices of goods and services consumed by C+I+G over a certain period usually a year. Producer Price Index [PPI] or Output Price Index Approach measures the average change in prices of goods and services the producers sell their products over a certain period of time usually a year.
9. An economic period of general decline in the prices of goods and services.

## Week 9

### Questions

1. What is unemployment and how do you determine the size of the labour force?
2. Distinguish between underemployment and nonemployment?
3. Contrast structural and cyclical unemployment?
4. What is Natural Unemployment and what is the range of natural unemployment? Is there any country in the world with such a range?
5. Mention 5 causes of unemployment in Africa and 3 in the US?
6. Explain 6 consequences of unemployment? Which one scare you the most? Why?
7. What are the immediate solutions to unemployment in Nigeria?
8. What are the remote solutions to unemployment in Nigeria?
9. Mention 5 causes of global unemployment? What is the current rate of global unemployment?



## Answers

1. A situation where qualified, willing and able-bodied proportion of the labour force are actively seeking for an employment at the prevailing market rate but cannot find a job despite demonstrated availability to work. Less than 15yrs, over 65yrs and institutionalized people [hospital, prison, mental homes disability, etc.,] are excluded.
2. Underemployment is a situation where qualified human capital cannot find a commensurate job or employment in his/her chosen or related profession due to unavailability, then settle for less. WHILE Nonemployment is where qualified, willing and able-body proportion of the labour force are not willing or seeking for employment.
3. Structural is due to a change in the structure of the economy i.e. from agric to industry WHILE Cyclical is business cycle driven i.e. recession, depression, expansion.
4. Unemployment ratio that must exist in an economy, usually between 2-3%.
5. Government Policy/Attrition/Economic Growth/Sectoral Neglect/Technological... Alien Influx/Discrimination/ Labour Immobility.
6. Underdevelopment/Low Living Standard/High Criminality/Brain Drain/Overpopulated City/Transfer Payments...Social Unrest – It destroys the youth per substance abuse, suicide, mental issues, aloofness, evil, poverty, etc.,
7. Career Counselling/ Controlled Migration/Re-Skilling/Up-Skilling/ SMEs Repositioning/Self-Employment.
8. Efficient Govt Planning/Population Controls/Government Policies/ Foreign Direct Investment/Women-Youth.
9. Technological advancement/Trade distortion/Japa Syndrome/Decline in global output and Youth unemployment. 5%.

## Week 10

### Questions

1. What is unemployment and how do you determine the size of the labour force?
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8. Efficient Govt Planning/Population Controls/Government Policies/ Foreign Direct Investment/Women-Youth.
9. Technological advancement/Trade distortion/Japa Syndrome/Decline in global output and Youth unemployment. 5%.

## Week 11

1. What is the difference between bilateral or multilateral trade? Does bilateral trade deal in intangible goods and services?
2. Is Nigeria an Entrepot? Y/N? What is an Entrepot in international trade?
3. What are the underpinnings of Classical Theory of Trade in international trade?
4. Distinguish between international trade and globalization.
5. Mention three conditions Nigeria has to perfect to engage better in international trade?
6. What factors would you propose to facilitate international trade for a beginner?
7. Why would you prefer international trade [marketplace] than domestic trade [market-place]?
8. What are the three different types of globalizations witness in modern history?
9. What are globalization facilitators?
10. Mention 5 Challenges Nigeria face in her quest to participate in Globalization?
11. In what and which ways Nigeria has benefitted from globalization?

## Answers

1. Bilateral is between just two nations while the multilateral is a trading among multiple countries. YES.
2. NO. A 3rd party port/country designated for transshipment. Typically a port City with massive industrial and/or merchandise warehouses to aid onward transmission.
3. Absolute Advantage [capability to produce more, cheaper and better goods and services than the trading partners] or Comparative Advantage [capability to produce more, cheaper and better goods and services at a "lower opportunity cost"].
4. International trade is a subset of globalization. While the former is a trade between and among nations, the latter seeks to unify the whole wide world into a single village.
5. Endowment / Technology / Government.
6. Data/Financing / Payments/Trade Policy.
7. Varieties & Wide Choices / Larger Market / Foreign Currency Exchange / Technology Transfer.
8. Political Globalization / Economic Globalization / Technological Globalization.
9. Government/IoT/Policies/Global Supply Chains/Education/Multinational Corporations/Eased Barriers.
10. Security / Exploitation / Foreign Exchange / Competition / Compliances / Government / Wars / COVID.
11. Innovation/Expanded Trade/Global Diversity/Global Talents Pool/Global Best Prac/Economic Growth.

## Week 12

1. What is the difference between GDP and GNP?
2. While GDP is Ownership oriented GNP is location driven? True or False?
3. Differentiate between Real GDP and Nominal GDP?
4. Real GDP is also known as GDP at constant price while Nominal GDP is also known as GDP at the current market prices TRUE or FALSE?
5. What are the components of GDP?
6. How do you measure the GDP?
7. How do you measure the GNP?
8. Mention 4 limitations of GDP as a measure of a country's wellbeing?
9. Mention 4 limitations of GNP as a measure of a country's wellbeing?
10. What are the components of GNP?
11. What are the additional limitations of the GNP beyond the limitations of the GDP? Why?

## Answers

1. Total value of final goods and services produced within the boundary of a country over a period of time WHILE GDP plus net income from abroad minus income earned by foreigners living in the domestic country.
2. FALSE.
3. Real GDP is the national income that has been adjusted for price inflation/deflation WHILE Nominal GDP is the national income unadjusted for price inflation/deflation.
4. TRUE.
5.  $C+I+G+NX$ .
6. Income Approach / Expenditure Approach / Output Approach.
7. Unlike the GDP, the GNP is measured by summing up the values of all the GNP components.
8. Informal sector / Inflation / Wealth distribution / Data accuracy.
9. Analytics / Exchange rate / Informal sector / Data accuracy / Wealth distribution.
10.  $C+I+G+NE+NI$ .
11. Analytics / Exchange rate because of the foreign income caveat.

## Week 13

1. Define Solow-Swan Economic Growth Model and identify its main emphasis?
2. Define Harrod-Domar Economic Growth Model and point out its main emphasis?
3. Define the Classical Economic Growth Model and identify its major identifiers?
4. Define the Neo-Classical Economic Growth Model and identify its major identifiers?
5. Define the Rostow Stages of Economic Growth Model and identify its major identifiers?
6. Define the Endogenous Economic Growth Model and identify its major identifiers?

## Answers

1. Baseline on perfectly competitive market where technological innovation and research & development drive and sustain economic growth, though growth in labour force and accumulation of capital kickstart the economic growth process.
2. Based on closed-economy which crystallizes consumption-savings-investment and the ratio of fixed capital/output as drivers of economic growth rate [3 postulated growth rates i.e. Natural growth rate, Actual growth rate and Warranted growth rate].
3. Harped on accumulation of capital and labour division with a caveat that unregulated population growth may eventually diminish the returns on capital accumulation/labour growth. Countries with overgrown population amidst limited access to resources will experience increasing reduction in economic growth.

4. Grounded on perfectly competitive market and high savings & investment as prerequisites for economic growth with the main thrust on technological progress in addition to capital accumulation and population growth rate, to tilt the production function positively toward full employment.
5. Propounded 5 different stages every economy must pass through [and elaborate progressively] toward increasing and sustainable economic growth i.e. Traditional Society, Precondition for TakeOff, TakeOff, Drive to Maturity and, Age of Mass High Consumption.
6. Believe that economic growth should be propelled from within an economy rather than from outside an economy. Preconditions for growth such as technology, [SKA] skills-knowledge-abilities, research and development and education be developed within the country.

## Week 14

1. How do you define a State and what's the Madisonian Dilemma?
2. Mention 5 roles expected from the Federal Government of Nigeria?
3. Explain this statement: "Effects of political forces on the economy and influence of economics on political arrangements"?
4. Explain the relationship and the Interactions among Political Science/Economics and Sociology in the context of governance?
5. Mention 5 global institutional governance structures?
6. What are the potential challenges affecting the growth of the world economy?
7. What are the criteria to determine a Less Developed Country?
8. What is PPP and the rationale for PPP arrangement?

## Answers

1. A State is a human community that successfully claim the monopoly of the legitimate use of force - The Madisonian Dilemma says that any government powerful enough to protect her citizens from domestic and foreign predators is also powerful enough to be the predator.
2. Make and Enforce Laws / Policies and Regulations / Stabilize Economy / Wellbeing and Security of Citizens / Disputes and conflicts resolution / Provide public services.
3. The political class leverage their political power to enrich themselves with our wealth and then turn back around and deploy our commonwealth to influence politics and political appointments.
4. These conjecture stand for the politicians, the economy and the people in the governance structure. The politicians are expected to utilize the power of the people [given to them via voting] to design and achieve excellent and sustainable economy to take care of the people [citizens].
5. World Bank / IMF / UN / MNC / NGOs / ICC / AU / EU.
6. Pandemics, Climate Change, IoTs, Security, Globalization, War.

7. Low income - low consumption - low savings - low investment - low human development index - low life expectancy rate.
8. Quality, financial relief, innovation, less corruption, efficiency and risk mitigation.