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50 Multiple-Choice Questions with Complete Answer Key • Official Portal: **agriculturereview.com**

Part I: Practice Examination Questions (Items 1–50)

1. A farmer owns one hectare of irrigated land that can yield a net return of 85,000 pesos from red onions, 60,000 pesos from yellow corn, or 45,000 pesos from mungbean during the dry season. If she chooses to plant red onions, what is the economic opportunity cost of her decision?

a. 105,000 pesos, representing the combined foregone returns of both corn and mungbean

b. 60,000 pesos, representing the net return of the next best foregone alternative

c. 25,000 pesos, representing the difference between onion and corn returns

d. 45,000 pesos, representing the lowest foregone return among her options

2. A rice farmer earns 150,000 pesos in gross sales per cropping season and pays 90,000 pesos for seeds, fertilizer, irrigation fees, and hired labor. To manage the farm full time, he turns down a seasonal agricultural technician job paying 40,000 pesos. How do his accounting profit and economic profit compare?

a. Accounting profit is 20,000 pesos while economic profit is 60,000 pesos

b. Both accounting profit and economic profit are 60,000 pesos because unpaid family labor is not a cash expense

c. Accounting profit is 60,000 pesos while economic profit is 20,000 pesos

d. Accounting profit is 110,000 pesos while economic profit is 90,000 pesos

3. After a severe typhoon destroys bridges connecting upland vegetable farms to city markets, retail prices of cabbage surge even though total farmland in the province remains unchanged. Why do economists classify this immediate market disruption as a shortage rather than permanent scarcity?

a. A shortage is a temporary imbalance where quantity demanded exceeds quantity supplied at the prevailing price, whereas scarcity is the permanent condition of limited resources relative to unlimited wants

b. Scarcity occurs only in poor rural economies whereas shortages occur only in industrialized countries

c. A shortage can never be resolved by price adjustments whereas scarcity is eliminated by imports

d. Scarcity applies solely to agricultural land whereas shortages apply solely to manufactured inputs

4. An agricultural province operating along its production possibilities frontier shifts resources from producing 10,000 tons of rice and 40,000 tons of corn to producing 20,000 tons of rice and 25,000 tons of corn. What is the average opportunity cost of producing each additional ton of rice in this range?

- **a.** 0.67 ton of corn
- **b.** 2.50 tons of corn
- **c.** 1.00 ton of corn
- **d.** 1.50 tons of corn

5. A national government invests heavily in drought-tolerant hybrid rice varieties and modern farm-to-market irrigation infrastructure across all farming regions. How is this expansion in agricultural productive capacity represented on a production possibilities frontier?

- **a.** A movement downward along the existing curve from one crop to another
- **b.** An outward shift of the entire production possibilities frontier to the right
- **c.** A shift from a point on the frontier to an interior point inside the curve
- **d.** A vertical collapse of the frontier toward the origin

6. When an agricultural region continuously reallocates hilly upland cornfields into irrigated lowland rice production, each additional ton of rice requires giving up progressively larger quantities of corn. Why does the production possibilities frontier bow outward from the origin?

- **a.** Farmers deliberately reduce fertilizer use whenever rice acreage expands
- **b.** Total arable land area shrinks automatically whenever two crops are planted
- **c.** Resources are not equally adaptable to all crops, causing increasing opportunity costs as production specializes further
- **d.** Corn always requires twice as much sunlight and rainfall as rice

7. A coffee grower sells raw dried coffee cherries to a local mill, which roasts, grinds, and vacuum-packs them into gourmet coffee bags sold in urban supermarkets. Which type of economic utility is primarily created during the roasting and grinding stage?

- **a.** Form utility
- **b.** Place utility
- **c.** Time utility
- **d.** Possession utility

8. A cold-storage cooperative in Benguet purchases surplus highland potatoes at harvest in April and stores them under controlled refrigeration for sale during the lean rainy months of September. Which type of economic utility does this storage operation primarily add?

a. Form utility
b. Possession utility
c. Place utility
d. Time utility

9. A commercial mango orchard owner purchases a brand-new four-wheel tractor to haul harvested crates and pull sprayers across the plantation. How do economists classify this tractor in the production process?

a. A non-durable consumer good
b. A capital good used to produce other goods and services
c. A free good available without opportunity cost
d. An intermediate raw material consumed in a single harvest

10. A municipal government builds a rural lighthouse and coastal weather-warning siren system that protects all fishing boats regardless of whether individual fishers pay local taxes. Why do economists classify this weather-warning system as a pure public good?

a. It is produced exclusively by private cooperatives for profit
b. One fisher's use of the signal reduces the warning available to neighboring boats
c. It is both non-excludable and non-rivalrous in consumption
d. Its price fluctuates daily based on coastal fish auction volume

11. In a commercial pineapple plantation, four distinct categories of economic resources combine to generate harvest output. Which pairing correctly matches each factor of production with its corresponding economic return?

a. Land earns rent, labor earns wages, capital earns interest, and entrepreneurship earns profit
b. Land earns profit, labor earns interest, capital earns rent, and entrepreneurship earns wages
c. Land earns wages, labor earns rent, capital earns profit, and entrepreneurship earns interest
d. Land earns interest, labor earns profit, capital earns wages, and entrepreneurship earns rent

12. A vegetable farmer applies a fifth bag of urea fertilizer to a one-hectare plot, incurring an additional cost of 1,600 pesos while gaining additional harvest revenue worth 1,200 pesos. Applying the principle of marginalism, what should the rational farmer have done?

a. Applied a sixth bag of urea because total harvest weight is still rising
b. Applied zero fertilizer to avoid all explicit input expenses
c. Doubled the application rate to dilute fixed land rental costs
d. Stopped before the fifth bag because marginal cost exceeded marginal benefit

13. During a particularly favorable growing season, one individual onion farmer doubles his yield and enjoys a windfall income. Assuming the same outcome applies to everyone, all onion farmers nationwide double their yields simultaneously, causing market prices to crash and total farm revenues to fall. Which logical error in economic reasoning is illustrated here?

a. Post hoc ergo propter hoc fallacy
b. Fallacy of composition
c. Ceteris paribus error
d. Normative bias fallacy

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14. Two weeks after a provincial governor launches a ceremonial tree-planting drive, regional corn prices drop by 15 percent. A commentator immediately declares that the tree-planting ceremony caused the drop in corn prices. Which error in economic reasoning has the commentator committed?

a. Fallacy of division
b. Opportunity cost illusion
c. Post hoc ergo propter hoc fallacy
d. Law of diminishing returns

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15. When an agricultural economist analyzes how a 10 percent increase in the price of urea affects farmers' demand for fertilizer, she assumes that rice prices, farm incomes, rainfall, and credit availability remain unchanged. Which foundational analytical assumption is she applying?

a. Ceteris paribus
b. Laissez-faire
c. Comparative advantage
d. Creative destruction

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16. A livestock farm's balance sheet records a barn valued at 2,000,000 pesos as of December 31, while its income statement records 600,000 pesos in hog sales earned over the entire year. How do economists distinguish these two financial measurements?

a. Both figures are flow variables because they are expressed in pesos
b. The barn value is a flow variable while annual hog sales represent a stock variable
c. Both figures are stock variables measured at a single instant in time
d. The barn value is a stock variable measured at a point in time, whereas annual hog sales are a flow variable measured over a period

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17. A smallholder rice farmer's nominal annual income increases by 6 percent from 100,000 pesos to 106,000 pesos over one year, while the general consumer price index rises by 10 percent during the same period. What happened to the farmer's real income?

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a. His real income rose by 16 percent because both income and prices increased
b. His real purchasing power declined because inflation rose faster than his nominal income
c. His real income remained unchanged because he received more cash pesos
d. His real income rose by exactly 6 percent regardless of consumer prices

18. In the simple circular flow model of a market economy, farm households supply land, labor, and capital to agribusiness firms in exchange for rent, wages, and interest. Where does this transaction take place?

a. Product market
b. International foreign exchange market
c. Resource or factor market
d. Public transfer market

19. Two neighboring provinces trade freely: Province A has a lower opportunity cost in growing bananas, while Province B has a lower opportunity cost in growing highland carrots. If each province specializes in the crop where its opportunity cost is lower and trades with the other, which economic principle enables both provinces to consume beyond their individual production possibilities frontiers?

a. Comparative advantage
b. Mercantilist protectionism
c. Absolute scarcity
d. Autarky

20. A poultry processing plant operates at the lowest possible cost per dressed chicken, yet it produces far more chicken feet and far fewer breast fillets than urban consumers actually want to buy. How would an economist evaluate this plant's efficiency?

a. It achieves both productive efficiency and allocative efficiency simultaneously
b. It achieves allocative efficiency but fails productive efficiency
c. It achieves neither productive efficiency nor cost minimization
d. It achieves productive efficiency by minimizing unit cost, but fails allocative efficiency because output mix does not match consumer preferences

21. An agricultural researcher investigates how a 20 percent increase in the price of broiler starter feed affects the weekly production decisions and profit margins of a single poultry farm in Bulacan. Which branch of economics encompasses this study?

a. Macroeconomics
b. Microeconomics
c. Monetary economics
d. Public international finance

22. An economist at the national planning agency evaluates how central bank interest rate hikes influence national food inflation, rural unemployment rates, and the agricultural sector's share of total national output. Which branch of economics is being applied?

a. Microeconomics
b. Farm enterprise budgeting
c. Macroeconomics
d. Household consumer theory

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23. During a congressional hearing on rice policy, two agricultural economists present statements. Economist A states that reducing rice import tariffs from 35 percent to 15 percent lowered retail rice prices by 4 pesos per kilogram last quarter. Economist B states that the government ought to restore the 35 percent tariff to protect smallholder farmers' dignity. How are these two statements classified?

a. Economist A made a positive economic statement testable by facts, whereas Economist B made a normative statement grounded in value judgment
b. Economist A made a normative statement whereas Economist B made a positive empirical statement
c. Both economists made purely positive economic statements
d. Both economists made purely normative statements that cannot be evaluated

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24. Why is economics classified as a social science rather than a physical science like agronomy or soil chemistry?

a. Economics never uses mathematical equations, statistical data, or quantitative models
b. Physical sciences deal with scarcity whereas economics deals only with unlimited resources
c. Social sciences prohibit testing hypotheses against real-world historical observations
d. Economics studies human behavior and choices in allocating scarce resources, where controlled laboratory experiments are rarely feasible

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25. An agricultural economist begins with the general theoretical premise that rational farmers adopt a new seed variety when expected marginal returns exceed marginal costs, and then derives a specific prediction about hybrid corn adoption in Isabela before testing it with survey data. Which scientific reasoning approach is she using?

a. Purely normative speculation
b. Deductive reasoning moving from general theory to specific testable hypotheses
c. Inductive reasoning moving solely from unguided anecdotes without theory
d. Historical determinism

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26. A newly irrigated agricultural valley must decide whether to allocate its limited dry-season water to exportable high-value asparagus or staple palay for domestic food security. Which fundamental economic problem is the community resolving?

a. How to produce using labor versus machinery
b. For whom to distribute finished output
c. What goods and services to produce and in what quantities
d. How to eliminate unlimited human wants

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27. Faced with rising rural daily wages during rice harvesting season, a cooperative of Nueva Ecija farmers decides to switch from manual sickle harvesting and threshing to combine harvesters. Which basic economic question is directly answered by this shift?

a. How to produce using the optimal combination of labor and capital
b. What crops to plant during the wet season
c. For whom the harvested rice should be subsidized
d. Whether rice is a free good or an economic good

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28. A national government levies excise taxes on sweetened beverages and uses the tax revenue to fund farm-to-market roads and free crop insurance for smallholders. Which traditional division of economics specifically examines government revenue generation and public expenditure?

a. Consumption
b. Exchange
c. Production
d. Public finance

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29. Why do economic models of farm decision-making intentionally omit minor personal details about individual farmers and focus only on key variables like input prices, yield response, and credit access?

a. Economists lack statistical software capable of storing more than three variables
b. Useful models simplify complex reality through abstraction to isolate core cause-and-effect relationships
c. Minor real-world details violate the laws of macroeconomics
d. Simplification guarantees that every economic forecast is 100 percent exact

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30. Even in highly industrialized nations with advanced precision agriculture and abundant food warehouses, why does the foundational problem of scarcity persist?

a. Industrialized nations refuse to trade agricultural products with developing countries
b. Technological progress automatically destroys arable farmland at the same rate it raises yields
c. Human wants and competing uses for land, labor, capital, and time continue to exceed available productive resources
d. Scarcity is caused exclusively by government price controls

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31. An agricultural economist works directly with a 15-hectare diversified farm in Bukidnon to prepare partial budgets, determine the profit-maximizing fertilizer rate for corn, and select the optimal crop-livestock enterprise mix. Which major field of agricultural economics is being practiced?

- **a.** Farm management and agricultural production economics
- **b.** International agricultural trade
- **c.** Rural sociology
- **d.** Macroeconomic monetary policy

32. A specialist investigates why farmgate prices for Benguet tomatoes are only 18 pesos per kilogram while Manila retail prices reach 65 pesos per kilogram, analyzing grading standards, post-harvest losses, transport bottlenecks, and trader margins. Which field of agricultural economics does this work belong to?

- **a.** Land economics
- **b.** Agricultural finance
- **c.** Agricultural production economics
- **d.** Agricultural marketing

33. A researcher evaluates rural bank interest rates, collateral requirements for smallholder hog raisers, loan repayment schedules, and weather-index crop insurance schemes to improve capital access in the countryside. Which field of agricultural economics is she specializing in?

- **a.** Environmental resource economics
- **b.** Agricultural finance and credit
- **c.** Agricultural price forecasting
- **d.** Consumer food demand analysis

34. An analyst models the impact of shifting from quantitative import quotas on rice to a 35 percent tariff coupled with a dedicated rice competitiveness enhancement fund for farm mechanization and certified seeds. Which field of agricultural economics covers this evaluation?

- **a.** Farm record keeping
- **b.** Livestock enterprise accounting
- **c.** Agricultural policy and development
- **d.** Soil fertility management

35. An agricultural economist studies how share tenancy versus fixed-rent leasehold contracts affect tenant farmers' incentives to invest in long-term soil conservation, alongside rapid conversion of prime irrigated ricelands into residential subdivisions. Which field of agricultural economics addresses these issues?

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a. Land economics
b. Agricultural marketing
c. Agribusiness human resource management
d. Agricultural credit analysis

36. Upstream deforestation and excessive nitrogen fertilizer runoff from upland vegetable farms cause siltation and algal blooms in a downstream irrigation dam and fishery. Which field of agricultural economics focuses on valuing these negative externalities and designing watershed payment schemes?

a. Farm machinery management
b. Agricultural commodity grading
c. Rural cooperative bookkeeping
d. Natural resource and environmental economics

37. A corporate strategist coordinates seed supply contracts, cold-chain logistics, fruit canning operations, and supermarket distribution for a vertically integrated Mindanao banana export firm. Which field of agricultural economics best describes this integrated business scope?

a. Agrarian reform law
b. Agribusiness management
c. Subsistence household economics
d. Public treasury taxation

38. An economist tracks recurring three-year cycles of hog supply surpluses and shortages by estimating own-price elasticity of pork demand and delayed supply response by swine producers. Which specialized field of agricultural economics is this?

a. Land tenure economics
b. Watershed valuation
c. Agricultural price analysis
d. Cooperative governance

39. A trade specialist evaluates sanitary and phytosanitary export barriers, exchange rate movements, and bilateral tariff reductions affecting Philippine exports of Cavendish bananas and desiccated coconut to Japan and Europe. Which field of agricultural economics is being applied?

a. International agricultural trade
b. Farm-level enterprise budgeting
c. Microfinance credit scoring
d. Local wet-market retailing

40. A rural development specialist helps 150 smallholder coffee growers organize a member-owned enterprise that pools harvests, negotiates bulk input discounts, and distributes annual net surpluses back to members as patronage refunds. Which field of agricultural economics focuses on these collective institutions?

- **a.** Macroeconomic stabilization
- **b.** Commodity futures speculation
- **c.** Real estate appraisal
- **d.** Agricultural cooperatives

41. In a nation where private individuals own farmland and agribusinesses, resource allocation is guided by competitive market prices and profit motives, and government intervention in farming is kept strictly minimal, which economic ideology governs the country?

- **a.** Command communism
- **b.** Laissez-faire capitalism
- **c.** Traditional subsistence economy
- **d.** Feudal mercantilism

42. In a centrally planned country, the state owns all agricultural land and processing mills, a national planning bureau sets exact sowing quotas for every collective farm, and retail bread prices are fixed by decree rather than market supply and demand. Which economic system is operating?

- **a.** Free-market capitalism
- **b.** Physiocracy
- **c.** Command economy under communism
- **d.** Laissez-faire mercantilism

43. The Philippines allows private farmers and corporations to own land, operate agribusinesses, and sell produce at market prices, while the government simultaneously provides public irrigation systems, sets emergency rice price ceilings, enforces biosecurity regulations, and funds agricultural safety nets. Which economic system does this represent?

- **a.** Mixed economy
- **b.** Pure command economy
- **c.** Pure laissez-faire capitalism
- **d.** Pure traditional barter economy

44. In an isolated highland community, farming techniques, crop choices, and harvest sharing follow ancestral customs passed down across generations, with goods exchanged largely through barter rather than formal cash markets. Which economic system characterizes this community?

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a. State socialism
b. Industrial capitalism
c. Keynesian welfare state
d. Traditional economy

45. Eighteenth-century French economic thinkers led by Francois Quesnay argued that agriculture is the sole productive sector capable of generating a true net surplus above cost, while manufacturing and trade merely reshape existing materials. Which historical economic ideology proposed this view?

a. Mercantilism
b. Physiocracy
c. Marxian socialism
d. Monetarism

46. A seventeenth-century European monarchy heavily subsidizes export crops, imposes prohibitive tariffs on imported foreign food, and restricts overseas colonies to trading exclusively with the mother country in order to accumulate gold and silver reserves. Which economic ideology guided these policies?

a. Free-market liberalism
b. Physiocracy
c. Mercantilism
d. Democratic socialism

47. During a severe national economic recession marked by high rural unemployment and weak food demand, the government borrows funds to launch massive public irrigation and rural road construction projects to stimulate aggregate spending and employment. Which economic school of thought justifies this counter-cyclical fiscal intervention?

a. Keynesian economics
b. Classical laissez-faire doctrine
c. Pure physiocracy
d. Traditional subsistence economics

48. In a country practicing democratic socialism, key strategic sectors such as energy, rail transport, and major grain storage utilities are publicly owned and progressive taxation funds universal healthcare and rural pensions, while small family farms and retail shops remain privately operated. How does this system differ from pure communism?

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a. Pure communism relies exclusively on stock markets while socialism bans all money

b. Socialism prohibits all public education and rural welfare programs

c. Pure communism grants complete private ownership of all industrial plantations

d. Socialism permits limited private enterprise and democratic governance alongside public ownership of major industries, whereas pure communism abolishes private productive property under centralized state control

49. Historically, state-run collective farms under strict command economies frequently suffered chronic grain shortages and lower yields per hectare compared to small private family plots allowed on the same estates. Which economic factor primarily explains this productivity gap?

a. Collective farms received zero rainfall compared to adjacent private plots

b. Weak personal profit incentives and rigid central planning reduced worker effort and responsiveness to local soil and weather conditions

c. Private family plots used advanced satellite-guided tractors banned on collective farms

d. Central planners prohibited the use of seeds and water on state farms

50. Why do most modern agricultural nations reject pure laissez-faire capitalism in favor of a mixed economy when managing rural infrastructure and agricultural externalities?

a. Private markets always produce excessive quantities of free rural roads and public irrigation canals

b. Pure market systems prohibit farmers from specializing in high-value crops

c. Unregulated private markets underprovide non-excludable public goods like farm-to-market roads and fail to curb negative externalities like pesticide water pollution

d. Mixed economies eliminate scarcity completely so all agricultural inputs become free

Part II: Detailed Answer Key & Rationalizations (Items 1–50)

Review the correct option letters and concise economic explanations below to verify your understanding of Module A core principles.

Item	Answer	Detailed Explanation
1	b	Economic opportunity cost is the value of the single highest-valued foregone alternative, not the sum of all rejected options. Between yellow corn (60,000 pesos) and mungbean (45,000 pesos), yellow corn is the next best alternative foregone.
2	c	Accounting profit equals total revenue minus explicit cash costs (150,000 − 90,000 = 60,000 pesos). Economic profit deducts both explicit costs and implicit opportunity costs (60,000 − 40,000 foregone technician salary = 20,000 pesos).
3	a	Scarcity is an inescapable, permanent condition arising because productive resources are finite while human wants are unlimited. A shortage is a temporary market disequilibrium at a specific price caused by supply or demand shocks.

Item	Answer	Detailed Explanation
4	d	To gain 10,000 additional tons of rice (from 10,000 to 20,000 tons), the province sacrifices 15,000 tons of corn (from 40,000 down to 25,000 tons). Dividing 15,000 tons of corn foregone by 10,000 tons of rice gained gives 1.50 tons of corn per ton of rice.
5	b	Technological advancements such as drought-tolerant seeds and expanded irrigation infrastructure raise maximum potential output across crops, shifting the entire production possibilities frontier outward to the right.
6	c	A bowed-out (concave) production possibilities frontier reflects the law of increasing opportunity costs: land and inputs suited to upland corn become progressively less productive as they are forced into lowland rice cultivation.

Item	Answer	Detailed Explanation
7	a	Form utility is created when processing transforms raw agricultural commodities into a more desirable, usable physical state, such as roasting and grinding dried coffee cherries into ready-to-brew coffee.
8	d	Time utility is generated through storage and preservation, making seasonal agricultural commodities available during off-season periods when consumer demand exceeds fresh harvest supply.
9	b	In economics, capital refers to human-made durable goods—such as tractors, irrigation pumps, barns, and machinery—used as productive inputs to generate further goods and services rather than for direct consumption.
10	c	A pure public good is non-excludable (non-payers cannot practically be prevented from receiving the warning) and non-rivalrous (one boat receiving the signal does not diminish its availability to other boats).
11	a	The four classical factors of production receive distinct factor payments: natural resources (land) earn rent, human effort (labor) earns wages, manufactured tools and equipment (capital) earn interest, and risk-taking organization (entrepreneurship) earns profit.
12	d	Marginal decision-making dictates expanding input use only while marginal benefit exceeds or equals marginal cost. Because the fifth bag cost 1,600 pesos but yielded only 1,200 pesos, it reduced net profit by 400 pesos.
13	b	The fallacy of composition occurs when one mistakenly assumes that what holds true for an individual actor in isolation will automatically hold true when all participants act identically at the aggregate market level.
14	c	The post hoc ergo propter hoc fallacy ("after this, therefore because of this") confuses mere chronological sequence with true cause-and-effect causation.
15	a	Ceteris paribus ("all other things held equal") allows economists to isolate the causal impact of one independent variable (fertilizer price) on a dependent variable (quantity demanded) by holding external factors constant.

Item	Answer	Detailed Explanation
16	d	A stock variable measures a quantity existing at a specific moment in time (asset valuation on December 31), whereas a flow variable measures a rate or volume occurring over a defined time interval (annual sales).
17	b	Real income adjusts nominal peso earnings for changes in the general price level. Because consumer prices rose 10 percent while nominal income grew only 6 percent, the farmer's real purchasing power fell by roughly 4 percent.
18	c	In the circular flow diagram, households sell or rent productive inputs (land, labor, capital, entrepreneurial ability) to businesses in the resource or factor market in return for factor incomes.
19	a	The law of comparative advantage demonstrates that regions maximize total output and expand consumption possibilities beyond their individual frontiers when each specializes in goods where its relative opportunity cost is lowest.

Item	Answer	Detailed Explanation
20	d	Productive efficiency means producing goods at the lowest possible unit cost, whereas allocative efficiency requires producing the specific assortment of goods most valued by society. Producing unwanted cuts fails allocative efficiency.
21	b	Microeconomics examines the decision-making behavior of individual economic units—such as a single farm household, agribusiness firm, or specific commodity market—and how prices allocate resources among them.
22	c	Macroeconomics analyzes economy-wide aggregates and national policy variables, including inflation, aggregate employment, monetary interest rates, and gross domestic product.
23	a	Positive economics deals with objective, testable statements about "what is" or "what happened," while normative economics expresses subjective value judgments about "what ought to be."
24	d	Economics is a social science because it investigates human choices and institutional interactions under scarcity, relying on observational data and statistical inference rather than controlled physical laboratory experiments.
25	b	Deductive reasoning moves from general theoretical principles to specific logical predictions or hypotheses that are subsequently tested against empirical observations.
26	c	Choosing between allocating scarce water and land to asparagus versus palay directly addresses the fundamental economic question of what goods and services to produce and in what quantities.
27	a	Substituting combine harvesters (capital) for manual harvest crews (labor) in response to rising wages directly answers the basic economic question of how to produce output efficiently.
28	d	Public finance is the traditional branch of economics focused on government taxation, public borrowing, budgetary expenditures, and fiscal management.

Item	Answer	Detailed Explanation
29	b	Abstraction allows economic models to strip away irrelevant clutter and isolate the primary causal variables driving behavior, making complex agricultural systems tractable and intelligible.
30	c	Because human desires and alternative uses for land, water, capital, and human time expand continually alongside rising living standards, scarcity remains universal even in wealthy economies.
31	a	Farm management and agricultural production economics apply microeconomic optimization principles at the farm-firm level to guide input levels, enterprise selection, and enterprise budgeting.
32	d	Agricultural marketing encompasses all post-harvest activities and institutions—grading, storage, transport, processing, and price discovery—that move commodities from farmgate to final consumer and determine marketing margins.

Item	Answer	Detailed Explanation
33	b	Agricultural finance and credit focuses on capital acquisition, rural lending institutions, interest rates, collateral mechanisms, and risk-management instruments like crop insurance.
34	c	Agricultural policy and development evaluates government interventions—such as tariffs, subsidies, price supports, and public investment programs—aimed at sectoral competitiveness and rural welfare.
35	a	Land economics studies property rights, land tenure arrangements (tenancy and leasehold), land valuation, agrarian reform, and competing land-use allocation between agriculture and urban development.
36	d	Natural resource and environmental economics analyzes sustainability, watershed management, pollution externalities, and incentives for conserving soil, water, and forest ecosystems.
37	b	Agribusiness management integrates the entire commercial food and fiber value chain, linking input supply, farm production, processing, cold-chain logistics, and retail distribution.
38	c	Agricultural price analysis investigates price determination, demand and supply elasticities, seasonal patterns, and cyclical production fluctuations (such as cobweb cycles in livestock).
39	a	International agricultural trade examines cross-border commodity flows, comparative advantage, tariffs, non-tariff sanitary/phytosanitary standards, and exchange rate impacts on farm exports and imports.
40	d	Agricultural cooperatives are member-owned, democratically controlled enterprises formed by farmers to achieve economies of scale in marketing, input procurement, and credit, returning surpluses via patronage refunds.

Item	Answer	Detailed Explanation
41	b	Laissez-faire capitalism features private ownership of productive assets, decentralized decision-making through competitive price signals, and minimal state interference in markets.
42	c	Under a command economy (communism), the state owns the means of production and a central planning authority dictates output targets, input allocations, and administered prices.
43	a	A mixed economy blends private enterprise and market-driven resource allocation with active government regulation, public infrastructure provision, and social protection programs.
44	d	A traditional economy relies on inherited customs, cultural beliefs, and subsistence practices rather than formal market prices or central planning to organize production and distribution.
45	b	Physiocracy, led by Francois Quesnay in eighteenth-century France, held that land and agriculture were the sole sources of net economic wealth ("produit net"), advocating minimal trade restrictions ("laissez-faire").

Item	Answer	Detailed Explanation
46	c	Mercantilism equated national power with accumulating precious metals through a positive trade balance, relying on export subsidies, import tariffs, and colonial trade monopolies.
47	a	Keynesian economics advocates active government fiscal policy—such as deficit-financed public infrastructure spending—to boost aggregate demand and restore employment during economic downturns.
48	d	Democratic socialism combines democratic political institutions, social welfare redistribution, and public ownership of key utilities with private small-scale farming and commerce, whereas pure communism eliminates private productive property under authoritarian central planning.
49	b	Without direct residual claimancy over profits or decision-making autonomy, workers on state collective farms faced weak productivity incentives, whereas farmers cultivating private plots captured the full marginal reward of their effort.
50	c	Market failures—including the underproduction of non-excludable public goods (rural roads, irrigation) and unpriced negative externalities (agricultural runoff)—require targeted public intervention within a mixed economic framework.