

PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	If desired spending in the economy exceeds income we would expect.	A. House hold to save more B. Firm to produce less C. Firms is produce more D. the MPC to change
2	Satellite television subscription and television detection devices are ways in which broadcasting companies address the _____ problem.	A. Externality B. Market imperfection C. Deadweight burden D. Free rider
3	Market some times fall to exist because of.	A. Externalities B. the free rider problem C. Poor transport D. a an b
4	When investment is assumed to autonomous the slope of the AD schedule is determined by the.	A. Marginal propensity to invest. B. disposable income C. Marginal propensity to consume D. Average propensity to consume E. $\frac{1}{1 - MPC}$
5	The multiplier tells us how much _____ changes after a shift in.	A. Consumption, income B. Investment , output C. Savings, investment D. output, aggregate demand
6	If a price increase of good A increases the quantity demanded of good B, then good B is a.	A. substitute good B. Complementary good C. Bargain D. Interior good
7	In the absence of international capital controls, central banks set _____ to provide the correct incentive for speculators	A. Money supply targets B. Income policy C. Interest rates D. Inflation targets
8	GDP per head may be an imperfect measure of economic welfare because it excludes.	A. The value of leisure B. Externalities C. Untraded goods D. All of the above
9	The cost of using capital services is the	A. wage rate of capital B. Interest charges C. Marginal capital cost D. Rental rate for capital
10	Aggregate demand in an economy trading internationally with a government sector can be written s.	A. $AD = C + I$ B. $AD = C + I + G$ C. $AD = C + I + G + X - Z$ D. $AD = C + I + G + X - Z$
11	When real income increases, other things equal we fan expect the demand for real money holdings to.	A. Fall B. Not change C. Increase D. Decrease
12	The opportunity cost of a student is.	A. Course fees and rent B. A loan from the bank C. What the student could have earned in the best job available by not studying. D. What the student will earn after graduation.
13	Comparing a monopoly and a competitive firm the monopolist will.	A. Produce less at a lower price B. Produce more at a lower price C. Produce less at a higher price D. Produce less at a lower price
14	The Keynesian model is a good guide to _____ behavior and the classical model describes behavior in.	A. ^{Long run, short run} B. Flexible, imperfect markets C. <div>Short term , long run</div> D. Ong run, imperfect market.

15	If the diagram of a line shows that lower values on the vertical scale are associated with higher values on the horizontal scale this is an example of.	<p>A. a nonlinear relationship</p> <p>B. A positive linear relationship</p> <p>C. A scatter diagram</p> <p>D. A negative linear relationship</p>
16	Floating exchange rates are ___ in the short run	<p>A. Stable</p> <p>B. Volatile</p> <p>C. Predictable</p> <p>D. Depreciating</p>
17	The value of an asset depends upon	<p>A. Its scrap value</p> <p>B. Its depreciation</p> <p>C. The present value of the future stream of income it can earn.</p> <p>D. the cost of loans</p>
18	Injection into the circular flow are _____ and _____	<p>A. Consumption, investment, exports</p> <p>B. Investment exports, transfer payments</p> <p>C. Investment government expenditure, exports.</p> <p>D. Taxes, exports, transfer payments.</p>
19	For a competitive firm its short run supply curve is _____ and its long run supply curve is.	<p>A. SMC , LMC</p> <p>B. SMC above SAVC, LMC above LAC</p> <p>C. SMC below SAVC, LMC above LAC</p> <p>D. SMC Below SAVC, LMC below LAC</p>
20	The impossibility of negative gross investment provides a _____ to fluctuations in.	<p>A. Ceiling, stock building</p> <p>B. Ceiling, capital prices</p> <p>C. floor , output</p> <p>D. floor , the capital output ratio</p>