

## PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	On a graph a positive linear relationship.	A. Moves down to the right B. Moves up to the left C. Moves up to the right D. Moves down to the left
2	International difference in opportunity costs lead to countries acquiring.	A. Comparative advantage B. High exchange rates C. Trade exchange rates D. Trade barriers
3	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
4	A straight line diagram can be drawn knowing the _____ and _____	A. Vertical axis and horizontal axis B. Intercept and slope C. Scale and slope D. Intercept and scale.
5	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.	A. a nonlinear relationship B. A positive linear relationship C. A scatter diagram D. A negative linear relationship
6	When the S/L exchange rate rises the pounds_____ and when the S/L rate falls the pounds.	A. depreciates, appreciates B. revalues, devalues C. appreciates, depreciates D. becomes more expensive, becomes cheaper
7	Floating exchange rates are ___ in the short run	A. Stable B. Volatile C. Predictable D. Depreciating
8	When the level of income _____ there will be an tendency for the trade balance to improve as imports.	A. Increases, increase B. falls, fall C. Increase, fall D. fall, increase
9	A good example of a public good is.	A. Public transport B. National defense C. The national health service D. Rail transport
10	During periods of rising inflation and rising interest rates we expect the demand for real cash to.	A. rise B. fall C. not change D. fluctuate
11	The impossibility of negative gross investment provides a_____ to fluctuations in.	A. Ceiling, stock building B. Ceiling, capital prices C. floor, output D. floor, the capital output ratio
12	The equilibrium price clears the market it is the price at which.	A. Everything is sold B. Buyers spend all their money C. Excess demand is zero D. c and d
13	If two firms doing the same thing in the same industry join together this is known as a.	A. vertical merger B. Horizontal merger C. Conglomerate merger D. Hostile takeover
14	A monopoly may be self perpetuating because profits may be used for	A. research B. Cost saving C. Technical advance D. All of the above
15	If desired spending in the economy exceeds income we would expect.	A. House hold to save more B. Firm to produce less C. Firms to produce more D. MPC

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16 If a firm not operating at the output necessary to achieve all scale economies it has not achieved its.

A. Efficient scale  
B. Average efficient scale  
C. Maximum efficient scale  
D. Minimum efficient scale

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17 Output fell sharply in the transition economies because.

A. Banks were unable to function  
B. There was little corporate control  
C. Vital infrastructure was missing  
D. All of the above

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18 The single European Act committed governments to a \_\_\_ in 1992

A. European union, single market  
B. Western European, single currency area  
C. European union, single currency area  
D. Western European, single market

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19 The firm's long run output decision will be where.

A. Long run average cost at lowest  
B. Marginal revenue equals output  
C. Marginal revenue equals long run marginal cost  
D. Marginal cost equals output

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20 The price elasticity of demand measures

A. The responsiveness of quantity demanded to a change in price.  
B. How far a demand curve shifts  
C. A change in price  
D. A change in quantity demanded

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