

PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	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.
2	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
3	Real GNP measures income	A. Including non market activities B. Adjusted for inflation C. Including externalities D. Including tax evasion
4	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.
5	The key issues of macroeconomics are	A. Unemployment B. Inflation C. Economic growth D. All of the above
6	In the short run the level of floating exchange rates is determined mainly by.	A. Interest rates B. Competitiveness C. Trade D. Speculation
7	Monetarists believe that a reduction in _____ can be achieved by reducing.	A. Unemployment, prices B. Inflation, wages C. Unemployment, wages D. Inflation, the quantity of nominal money
8	All of the following are benefits of the single market except.	A. It allows countries to exploit their comparative advantage, more fully B. Firms could more readily exploit economies of scale C. It intensified competition D. It is easier book holidays in member countries.
9	In a fixed exchange rate regime, the central bank will intervene by ___ pounds to _____ the exchange rate.	A. Selling, increase B. buying , increase C. selling, reduce D. both b and c
10	Women and non whites on average receive lower comes than white men because.	A. They tend to work in relatively unskilled jobs B. Educational disadvantage C. Firms are reluctant to invest in training D. All of the above
11	If a person thinks they are better off after a 10% wage increase, and all prices have risen 10%, then they are experiencing.	A. Inflation B. A supply shocks C. Crowding out D. Inflation illusion
12	The growth rate of economics tend to converge because. _____ is easier when capital per worker is low and because of _____	A. capital widening, technical innovation B. Capital widening, catch up in technology C. Capital deepening, technical innovation D. Capital deepening, catch up technology.
13	If a firm not operating at the output necessary to achieve al scale economies it has not	A. Efficient scale B. Average efficient scale

	achieved its.	C. Maximum efficient scale D. Minimum efficient scale
14	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.
15	A competitive firms demand curve is.	A. Horizontal B. Vertical C. Down ward sloping D. Fairly elastic
16	Aggregate demand in an economy trading internationally with a government sector can be written s.	A. $AD = C+1$ B. $AD = C + 1+ G$ C. $AD = C +1+G+X+Z$ D. $AD+C+1+G+X-Z$
17	A fixed exchange rate, plus perfect capital mobility _____ the scope for monetary policy.	A. Enhances B. Undermines C. Encourages D. Facilitates
18	Market failure may arise because of.	A. Imperfect competition B. Taxation C. Externalities D. All of the above
19	Higher export demand _____ output and a higher MPZ _____ output..	A. Reduces, reduces B. Reduces, increases C. Increases, reduces D. increases, increases
20	In an economy, measuring total value (1) added, total value(2) spending on final goods and 3 total factor earning gives the result that.	A. $3 > 2 > 1$ B. $3 = 2 > 1$ C. $3 < 2 < 1$ D. Any measure can be larger or smaller than any other