PPSC Economics Topic 2 Micro Economics

Sr	Questions	Answers Choice
1	The monopolization of the competitive market results in a deadweight loss to society of	A. RSJK B. JKL C. THJ D. RSJL
2	When economists say that a per son is economizing they mean that the person is.	A. making choices to gain benefits at lowest possible cost B. Making a lot of money C. Purchasing goods that are generic cheap or of low quality D. Learning how to run a business more effecitively
3	Which of the following is a characteristic of monopolistic competition.	A. One seller serving the entire market B. When each firm sells an identical product C. When firms do not compete on a product quality price and marketing D. When firms are free is enter and exit the market
4	Which of the following statements abut the relationship between marginal cost and average cost is correct.	A. When MC is falling AC is falling B. AC equals MC and MC'S lowest point C. When MC exceeds Ac, Ac must be rising D. When Ac exceed MC, MC must be rising
5	As long as all prices remain constant an increase in money income results in.	A. An increase in the slope of the budget line B. A decrease in the slope of the budget line C. An increase in the intercept of the budget line. D. a decrease in the intercept of the budget line.
6	Which of the following taxes is regressive	A. The federal income tax B. The state income tax C. The sales tax D. The Medicare tax
7	What is the per unit marginal cost of increasing production from 20 to 25 units.	A. Rs. 3,500 B. Rs.100 C. Rs.4,000 D. Rs.500
8	The income elasticity of inferior goods is	A. Zero B. Positive C. Negative D. Unitary
9	The price elasticity of demand will increase with the length of the period to which the demand curve pertains because.	A. Consumers incomes will increase B. The demand curve will shift toward C. All prices will increase over time D. Consumers will be better able to find substitutes
10	The long run is a time period that is.	A. Five years or longer B. Long enough to change the level of labor hired C. Long enough to change the size of the firm's plant D. Ten years or longer
11	The demand curve for labor for a monopolist when other inputs are fixed is equal to its	A. Marginal value product curve B. Marginal revenue product curve C. Horizontal summation of the firms demand curve at different output prices D. Marginal physical product curve
		A. Positive

12	Some goods are not closely related to each other and are neither substitutes nor complements for such goods the cross price elasticity of demand would be.	B. Negative C. Zero D. Cannot tell without more information
13	A monopoly market.	A. Generally falls to maximize total economic well being. B. Always maximizes total economic well being. C. always minimizes consumers surplus D. Generally falls to maximum produce surplus
14	If A is preferred to B and B is preferred to C and there is indifference between A and D	A. D is preferred to C B. B is preferred to D C. There is indifference between C and D D. There is indifference between B and D
15	Indifference curve is alwyas.	A. Vertical B. Horizontal C. Concave D. Convex
16	In case of complimentary goods, if the price of one commodity falls there will be.	A. Rise in demand of other commodity B. Fall in demand of other commodity C. Fall is demand of both commodities D. Nor charge
17	Short run is a time frame where a firm can change its.,	A. Total cost B. Total production C. Plant size D. None of these
18	A firm that is a price taker faces a perfectly	A. Elastic supply curve B. Inelastic demand curve C. Elastic demand curve D. In elastic supply curve
19	If a monopolist's has only fixed costs and chooses that output at which marginal cost equals price. it will	A. Earn positive economic profits B. Earn zero economic profits C. Incur a loss equal to its variable costs D. Incur a loss equal to its fixed costs
20	According to Keynes, when the great depression started the government should be.	A. Done nothing B. Decreased the money supply C. Had a large increase in government spending. D. Enacted high tariffs such as the smoot Hawley tariff