

PPSC Economics Topic 3 Macro Economics

Sr	Questions	Answers Choice
1	Keynes considered subjective and objective factors.	A. Determinants of investment B. Determinants of business will ingress to supply C. Unimportant determinants of consumption. D. Important determinants of consumption.
2	An invention that speeds up the internet is an example of.	A. An income effect B. An increase in labor C. A substitution effect D. A supply shock
3	Which of the following is not included in gorses investment.	A. Business and residential constructure. B. Expenditures on consumer goods C. Additions to business inventory D. Expenditures on machinery
4	When the value of output exceeds planned spending .	A. There is unsold output, and the level of income will fall B. there is unsold output and the level of income will rise C. There is unsold output, and the level of income does not change. D. All of the above
5	The measured of GDP includes	A. Non market goods such as home making and child rearing B. The benefits of clean air and water C. Estimated values of activity in the underground economy D. Purchases and sales of goods produced in previous periods
6	A firm's total labor cost when six workers are employed is Rs.580 When seven workers are employed the total labor cost is Rs.700 the Rs. 120 change in total labor cost represents.	A. Marginal physical product B. Marginal resources cost C. Marginal cost D. Marginal revenue
7	The Root Mean square Error for the actual sales and sales forecast for 1985 and 1986 is.	A. 20.2 B. 19.9 C. 14.7 D. 17.2
8	A decrease in the effective tax rate on capital would cause the IS curve to.	A. Shift up and to the right B. shift down and to the left C. Remain unchanged D. Remain unchanged if taxes are fully deductible from income otherwise, shift up and to the right
9	When desired national saving equals desired national investment what market is in equilibrium.	A. The goods market B. The money market C. The foreign exchange market D. The stock market
10	In the long run a reduction in labor supply would cause output to _____ and the aggregate price level to.	A. fall; rise B. fall ; fall C. rise ; fall D. rise; rise
11	An increase in the number of workers hired by a firm could result from	A. a decrease in the marginal product of labor B. a decrease in the marginal revenue product of labor C. An increase in the real wage D. A decrease in the real wage
12	The aggregate supply of labor is the	A. Total amount of time a person works over his or her lifetime B. Total amount of time a person spend in the labor force over his or her life time C. Unemployment rate

		D. Sum of the labor supplied by everyone in the economy
13	Which of the following changes shifts the AD curve up and to the right.	A. A rise in the nominal money supply B. An increase in income taxes C. An increase in the risk on nonmonetary assets D. A decreasing the future marginal productivity of capital.
14	Which of the following is not a primary cause of business cycle fluctuations according to real business cycle theory.	A. A change in the production function B. A change in the size of the labor force C. A change in the money supply D. A change in the real quantity of government purchases
15	Given a proportional income tax and a government budget that is currently in balance, an increase in autonomous investment, ceteris paribus, increases equilibrium income and the budget.	A. Romac's in balnce B. Has a surplus C. Has a deficit D. None of these
16	Which of the following actions is an example of expansionary fiscal policy.	A. A decrease in welfare payments B. A purchase of government securities in the open market C. A decrease in the Bank rate D. A decrease in the corporate profits tax rates
17	Which one of the following would cause demand pull inflation.	A. Increases in production costs B. Wage gains in proportion to productivity gains C. An increase in aggregate demand with shortages of supply D. Monoposonistic labor markets
18	A disadvantage of chain weighting is that	A. Past inflation rates change whenever the base year changes. B. Past growth rates of real GDP change whenever the base year changes. C. It causes output growth to slow D. The components of real GDP don't sum to real GDP
19	A disadvantage of the barter system is that	A. No trade occurs B. People must produce all their own food clothing and shelter C. The opportunity to specialize is greatly reduced. D. Gold is the only unit of account
20	Which of the following macro economic variables is procyclical and coincident with the business cycle.	A. Residential investment B. Nominal interest rates C. Industrial production D. Unemployment