PPSC Economics Topic 3 Macro Economics

Sr	Questions	Answers Choice
1	A change that increase real money demand relative to the real money supply causes.	A. The LM curve to shift down and to the right B. The LM curve to shift up and to the left C. The IS curve to shift down and to the left D. The IS curve to shift up and to the right
2	In the Keynesian model in the long run an increase in the money supply will raise	A. The price level but not the level of output B. The level of output but not the price level C. Both the level of output and the price level D. Neither the level of output nor the price level
3	The valued of expenditure multiplier relates.	A. The change in autonomous spending to the change in income B. the change in consumption to change in income C. The change in come to the change is consumption D. The change in income to the change in autonomous spending.
4	In the long run an increase in consumer spending would cause output to ________ and the price level to.___________	A. rise;rise B. rise; stay; constant C. stay constant ; stay constant D. Stay constant ; rise
5	GDP difference between GNP because.	A. GDP = GNP - net factor payments from abroad B. GNP = GDP -net factor payments from abroad C. GDP = GNP -capital consumption allowances D. GNP = GDP -capital consumption allowances.
6	Economists use the phrase ceteris paribus to express the assumption.	A. All else equal B. Everything affects everything else. C. Scarcity is a fact of life D. There is no such thing as a free lunch
7	Which of the following changes shifts the AD curve down and to the left.	A. A temporary increase in government purchases. B. A rise in the nominal money supply C. A decrease in corporate taxes D. A decrease in consumer confidence
8	The estimated regression coefficient for good Y indicates	A. Goods X and Y are independent goods B. Good Y is relatively elastic C. Good Y is a luxury good D. Goods X and Y are complementary goods
9	The data indicates that country A in billions of rupees is experiencing a	A. A deficit of Rs.60 B. A surplus of Rs. 300 C. Deficit of Rs.900 D. A deficit of Rs. 500
10	The major source of revenue for the government is.	A. the collection of property taxes B. The collection of the corporates income tax C. The collection of excise taxes on gasoline cigarettes and tires D. The collection of import and export duties in the conduct of foreign trade
		A. Procyclical and leading

11	The Keynesian theory is consistent with the business cycle fact that inflation is	B. Procyclical and lagging C. Countercyclical and leading D. All of these
12	A decline expected future output would cause the IS curve to.	A. Shift up and to the right B. Shift down and to the left C. Remain unchanged D. shift up and to the right only if people face borrowing constratints.
13	Using the Keynesian model , the effect of a decrease in the effective tax rate on capital would be to cause_____ in the real interest rate and __ in output in the long run.	A. An increase ; no change B. A decrease ; no change C. An increase ; an increase D. No change ; a decrease
14	A commercial bank has a required reserve ratio of 20% and desires to hold 5% in excess reserves. the bank receives a Rs. 10,000 deposit. It it abides by the required reserve ration and its desire to hold excess reserves the bank can make a loan of a most.	A. Rs.7500 B. Rs.2500 C. Rs.5000 D. Rs.30,000
15	Assuming that money is neutral an increase in the nominal money supply would causes.	A. An excess supply for goods B. an increase in the real money supply C. A fall in the price level D. A rise in nominal wages
16	Using the Keynesian model the effect of an increase in the effective tax rate on capital would be to cause __________ in the real interest rate and ______ in output in the short run.	A. A decrease ; a decrease B. A decrease ; no change C. No change ; a decrease D. An increase ; an increase
17	The practice of using fiscal and monetary policy to stabilize the economy is known as.	A. Fine turning of deamand B. Monetarism C. Laissez faire economics D. Supply side economics
18	In the monetary base is increased by $1,000 and the reserve requirement is 10% by how much will the money supply be increased.	A. $100 B. $1,000 C. $5,000 D. $10,000
19	in the keynesian model in the short run the amount of employment is determined by the effective labor demand curve and the level of.	A. Prices B. Output C. The real interest rate D. The supply of labor
20	For interior commodities income effect is.	A. Zero B. Negative C. Infinite D. Positive