

PPSC Economics Topic 6 Economics Model

Sr	Questions	Answers Choice
1	Economists tend to judge a model based upon	A. the reality of its assumptions B. The accuracy of its predications C. Its simplicity D. Its complexity
2	If the price of automobile were to decrease substantially the demand curve for automobiles would most likely.	A. shift rightward B. Shift left eard C. Remain unchanged D. Become steeper
3	Holding all other factors constant consumers demand more of a good the	A. Higher its price B. Lower its price C. Steeper the downward slope of the demand curve D. Steeper the upward slope of the demand curve
4	A specific tax on sellers will	A. shift the demand curve to the right B. Shift the demand curve the left C. Shift the supply curve to the right D. Shift the supply curve to the left
5	Suppose the demand curve for a good shifts rightward, causing the equilibrium price to increase this increase in the price of the good results in.	A. A rightward shift of the supply curve B. An increase in quantity supplied C. A leftward shift of the supply curve D. A leftward movement along the supply curve
6	For a given positively sloped supply curve the price increase to consumers resulting from a specific tax imposed on sellers will be.	A. Greater the more price elastic demand is B. Greater the less price elastic demand is C. Equal to the entire tax when demand is perfectly elastic D. Equal to half of the tax whenever demand is unit elastic
7	If government regulations prohibit the production of a particular good the demand curve for that good will most likely.	A. Shift leftward B. Shift rightward C. Remain unchanged D. Disappear
8	The percentage change in the quantity demanded in response to a percentage change in the price is known as the.	A. slope of the demand curve B. Excess demand C. Price elasticity of demand D. All of the above
9	If the price of automobiles were to decrease substantially the demand curve for public transpiration would most likely.	A. shift rightward B. Shift leftward C. Remain unchanged D. Remain unchanged while quantity demanded would change
10	A vertical demand curve results in.	A. No change in quantity when the supply curve shifts. B. No change in price when the supply curve shifts C. No change in the supply curve being possible D. No change in quantity when the demand curve shifts.
11	An increases in the demand curve for orange juice would be illustrated as a.	A. Leftward shift of the demand curve B. Right ward shift of the demand curve C. Movement up along the demand curve D. Movement down along the demand curve
12	A competitive equilibrium is described by	A. A price only B. A quantity only C. The excess supply minus the excess demand. D. A price and a quantity

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13	To determine the total demand for all consumers sum the quantity each consumer demands.	<p>A. At a given price B. At all prices and then sum this amount across all consumers C. Both a and b will generate the same total demand D. None of the above</p>
14	Which of the following is an example of a normative statement.	<p>A. Since this good is bad for you, you should not consume it. B. this good is bad for you C. If you consume this good you will get sick D. People usually get sick after consuming this good</p>
15	If the price of orange juice rises 10% and as a result the quantity demanded falls by 8% the price elastic of demand for orange juice is.	<p>A. -1.25 B. Inelastic C. Both a and b D. Neither A nor B above</p>
16	In the labor market if the government imposes a minimum wage that is below the equilibrium wage then.	<p>A. Workers who wish to work at the minimum wage will have a difficult time finding jobs. B. Firms will hire fewer workers than without the minimum wage law. C. Some workers may lose their jobs as a result D. Nothing will happen to the wage rate or employment</p>
17	The purpose of making assumptions in economic model building is to.	<p>A. Force the model to yield the correct answer B. Minimize the amount of work an economist must do C. simplify the model while keeping important details. D. Express the relationship mathematically.</p>
18	Equilibrium is defined as a situation in which.	<p>A. Neither buyers nor sellers want to change their behavior B. No government regulations exist C. Demand curves are perfectly horizontal D. suppliers will supply and amount that buyers wish to buy</p>
19	When two goods are substitutes a shock that raises the price of one good causes the price of the other goods to.	<p>A. Remain unchanged B. Decrease C. Increase D. Change in an unpredictable manner</p>
20	If the demand curve for a good is horizontal and the price is positive then a leftward shift of the supply curve results in.	<p>A. a price of zero B. An increase in price C. A decrease in price D. No change in price</p>