

PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	Which policies are expenditure changing policies.	A. Currency devaluation and revaluation B. Import quotas and tariffs C. Monetary and fiscal policy D. Wage and price controls
2	An indifference curve gives	A. the actual combination of goods that consumer chooses B. the minimum choice of the consumer C. the highest level of satisfaction D. None of these
3	Which of the following was a belief shared by utopian and scientific socialists.	A. The labor of the middle class determines the value of a product B. Class struggle is the necessary means to achieve social change C. Private property should be abolished D. History is determined by economic laws
4	If the sample is accepted as coming from a universe with a mean of Rs.500 or greater when it doesn't.	A. A Type II error is made B. A type I error is made C. The alternative hypothesis is correct. D. A and C are correct
5	A decline in the money _____ shifts the LM curve to the _____ causing the interest rate to rise and output to fall.	A. Demand ; right B. demand ; left C. supply ; right D. supply ; left
6	The precautionary demand for money is	A. An idle balance B. An active balance C. Directly related to interest rates D. Inversely related to income
7	A vertical demand curve for a particular good implies that consumers are.	A. Sensitive to changes in the price of that good B. Not sensitive to changes in the price of that good. C. Irrational D. Not interested in that good
8	The short run marginal cost curve cuts the short run total cost curve and short run average variable cost curve.	A. At their lowest points B. When they are declining C. When they are increasing. D. When marginal revenue is zero
9	An increase in the expected future marginal product of capital would cause the IS curve to.	A. Shift up and to the right B. Shift down and to the left C. Remain unchanged if firms face borrowing constraints otherwise shift down and to the left D. Remain changed
10	Laboratory experiments cannot be performed in economics because.	A. Of resource scarcity B. Economics is a natural science C. Of the difficulty of distinguishing between normative and positive statements. D. Economics is a social science
11	Demand for labour is more likely to be wage inelastic if.	A. Wages are a small proportion of total costs B. Demand for the final product is price elastic C. It is easy to replace labour D. Capital is a good substitute for labour
12	A cut in the tax rate designed to reduce the business investment is an example of.	A. Expansionary demand side policy B. Contractionary demand side policy C. Expansionary supply side policy D. Contractionary supply side policy

13	Taxes create a wedge between the sales price and purchase price that prevents the price system equaling _____ and	<p>A. Marginal costs, marginal benefits</p> <p>B. Demand, supply</p> <p>C. Marginal cost, marginal revenue</p> <p>D. Marginal cost, average cost</p>
14	If GNP = 1,000 billion and the money supply is 330 billion , then the velocity of money is.	<p>A. A value less than 1.4</p> <p>B. 3.33</p> <p>C. 1.48</p> <p>D. 3.03</p>
15	A public good will	<p>A. Be underprovided in the free market</p> <p>B. Be overprovided in the free market</p> <p>C. Not be provided in the free market</p> <p>D. Has no opportunity cost</p>
16	In the 1930s, when Keynes was alive a expansionary fiscal policy taking everything else constant would have led to.	<p>A. A relative large increase in Y, a smaller increase in P</p> <p>B. A relative large increase in P, a smaller increase in Y</p> <p>C. Both Y and P increasing with an percentage</p> <p>D. Only Y increase</p>
17	Capital goods are	<p>A. A type of intermediate good</p> <p>B. Final goods, because they are not used up during a given year</p> <p>C. Produced in the same year as the related final good whereas intermediate goods are produced in different years.</p> <p>D. Produced in one year whereas final goods are produced over a period of more than one year</p>
18	For a competitive firm the demand curve	<p>A. A horizontal</p> <p>B. Coincides with the marginal revenue curve</p> <p>C. Coincides with the average revenue curve</p> <p>D. All of the above</p>
19	Deep ecology places emphasis upon	<p>A. Life</p> <p>B. Man</p> <p>C. Environment</p> <p>D. Relationship</p>
20	International trade in good sand services is sometimes used as a substitute for all of the following except.	<p>A. Internationals movement of capital</p> <p>B. International movement of labor</p> <p>C. International movements of technology</p> <p>D. Domestic production of different goods and services.</p>