

## PPSC Economics Chapter 10 Most Frequently Asked Economics MCQS

Sr	Questions	Answers Choice
1	In the circular flow diagram firms.	A. Receive revenue and supply resources in the resource market B. Incur costs and demand resources in the resource market. C. Receive revenue and demand resources in the product market. D. Incur costs and supply goods and services in the product market.
2	Which of the following would most likely shift the production possibilities curve for a nation outward.	A. A reduction in unemployment B. An increases in the production of capital goods C. A reduction in discrimination D. An increase in the production of consumer goods
3	An economy that has achieved full production has achieved	A. Both allocative and productive efficiency B. Allocative but not productive efficiency C. Productive but not allocative efficiency D. Neither allocative nor productive efficiency
4	If the Federal Reserve wishes to increase the money supply it should.	A. Raise the reserve requirement B. Raise the discount rate C. Buy Treasury securities in the open market D. All of the above
5	The monetary base is composed of.	A. Gold and silver B. Currency and reserves C. Currency only D. Currency and checkable deposits
6	Which of the followings is NOT component of M-2	A. Small time deposits B. Money market mutual funds C. Stocks D. Checkable deposits
7	Which of the following is a component of M1.	A. Saving deposit B. Credit card C. Checkable deposit D. Gold
8	Which of the following IS a function of money.	A. Medium of exchange B. Store of value C. Unit of accounting D. All of the above
9	Which of the following is automatic stabilizer.	A. Unemployment benefits B. Spending on education C. Defense spending D. Net interest
10	According the Keynes when the great depression started , the government should have.	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
11	Disposable incomes is equal to.	A. National income Minus taxes B. Real GDP C. National income Minus taxes D. National income Minus Taxes plus transfers
12	The nominal interest rate is 5% and the inflation rate is 2% the real interest rate is.	A. 2% B. 3% C. 7% D. 4%
		A. Pure discrimination

13	"Treating an individual as typical of a group.	B. statistical discrimination C. Human capital D. Specific skills
14	Skills that can be transferred to other employers are called.	A. General skills B. Specific skills C. Non pecuniary skills D. All of the above
15	Which of the following the most elastic demand the extra revenue a firm receives from the services of an additional unit of a factor of production.	A. Total revenue B. Marginal physical product C. Marginal revenues product D. Marginal revenue.
16	In order of practice price discrimination which of the following is needed.	A. Some degree of monopoly power B. An ability to separate the market C. An ability to prevent reselling D. All of the above
17	Compared to the case of perfect competition.	A. Monopolist is more likely to B. Charge a higher price C. Produce a lower quantity of the product D. All of the above
18	In order to maximize profits a monopoly company will produce that quantity at which the	A. A marginal revenue equals average total cost B. Price equals marginal revenue C. Marginal revenue equals marginal cost D. Total revenue equals total cost
19	Why is the law of diminishing marginal returns true.	A. Specialization and division of labor B. Spreading the average fixed cost C. Limited capital D. All factors being variable in the long run
20	The nation, that, following currency depreciation, the balance of trade falls for a while before increasing is called a _____ effect.	A. Relative price B. Elasticity C. J- Curve D. Pass through