

PPSC Economics Chapter 10 Most Frequently Asked Economics MCQS

| Sr | Questions | Answers Choice |
|----|---|---|
| 1 | The multiplier for a change in social security benefits is equl to the multiplier for a change in the same direction in salaries of Evanston police officers tiems. | A. the marginal propensity to save B. Minus the marginal propensity to save C. The marginal propensity to consume D. Minus the marginal propensity to consume |
| 2 | Which provides the best explanation of the failure of many poor countries to experience economic growth as rapid as the rich countries | A. Classical growth theory B. Neoclassical growth theory C. New growth theory D. Market failure |
| 3 | Depreciation is. | A. A decrease in the stock of capital B. Gross investment C. Net investment D. An increases in the stock of capital |
| 4 | Which of the following NOT a source of economic growth. | A. Investment in new capitals B. Labor productivity C. Investment in human capital D. Technology advances |
| 5 | Productivity can grow. | A. If capital per hour of labor increases. B. If there are no technological advances. C. If capital per hour of labor decreases D. If real GDP per hour labor decrease and capital per hour of labor increases. |
| 6 | The productivity curve | A. Is given by the labor productively B. Shows the change in real GDP pe hour of labor as the amount of capita per hour labor changes C. Shows the change in technology D. Is given by the equation Y = F (L,K, T) |
| 7 | A decrease in lump sum taxes is an examples of. | A. Contractionary fiscal policy B. Expansionary fiscal policy C. A change in induced taxes D. A and c |
| 8 | the difference between actual and planned expenditure is equal to. | A. X-M B. M- X C. Unplanned inventory change D. Excess reserves of depository institutions. |
| 9 | In Balance of payments accounting tourism and travel are classified in the | A. Merchandise trade account B. Services account C. Unilateral transfers account D. Capital account |
| 10 | In the short run an increase in the quantity of money real GDP and _ the price level. | A. increases ; raises B. does not change ; lowers C. decreases ; raises D. decrease ; lowers |
| 11 | The larger the required reserve ratio the. | A. Smaller is the deposit multiplier B. Larger is the deposit multiplier C. Larger is the amount of total deposits that can created from a new deposit D. Larger is the amount of total money that can be created from a withdrawal |
| | | A. An asset for you and a liability for your bank B. A liability for you and an asset for |

| A rise : rise B. Fall : rise C. Fall : rise C. The expected profit rate increases C. rise : rise B. Fall : rise C. The expected profit rate increases : D. The conomy rise : rise C. Fall : rise C. A. Shifts : shift C. decreases : rice rases in decreases : rice rases in aggregate demand D. An increase in aggregate de | 12 | Your checking account is | your bank C. An asset for both you and your bank D. A liability for both you and your bank |
|--|----|---|---|
| The investment demand curve shifts right ward if The investment demand curve shifts right ward if The expected profit rate increases. D. The expected profit rate increases. D. The economy moves into a recession A Increase, Increases. B. Increases; decreases; c. decreases; increases g. decreases; increases, decreases; decreases, decreases; decreases, decrea | 13 | According to the crowding out effect, a there is a government deficit, the real interest rate will and investment will | B. fall; rise C. rise; fall |
| Accordant the wealth effect , an increase i the price level real wealth and B. Increases ; decreases C. decreases ; decreases C. decreases ; decreases D. decreases; decreas | 14 | The investment demand curve shifts right ward if | B. Savers increase their thriftiness C. The expected profit rate increases. D. The economy moves into a |
| A change in the full employment quantity of labor the short run aggregate supply Curve and the long run aggregate supply curve. B. shifts; does not shift C. does not shift; shift D. does not shift; shift D. does not shift; does not shift it; does not shift. A. Un anticipated deflation B. Anticipated deflation C. Unanticipated inflation D. anticipated inflation D. Demand curve shifts to the left D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Diminishing marginal productivity D. Diminishing marginal prod | 15 | Accordant the wealth effect , an increase i the price level real wealth and consumption expenditure. | B. Increases ; decreasesC. decreases ; increases |
| Which of the following is most likely to benefit a debtor. B. Anticipated deflation C. Unanticipated inflation D. anticipated inflation D. anticipated inflation A. Demand curve shifts to the left B. Supply curve shifts to the left C. Supply curve shifts to the left C. Supply curve shifts to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves shifts to the left D. Supply curve shifts to the left D. Supply curve shifts to the left D. Demand and supply curve shifts to the left D. Demand and supply curves shifts to the right D. Demand and supply curves both shift to the right D. Demand and supply curves both shift to the right D. Demand and supply curves shifts to the left D. Supply curve shifts to the left D. Demand and supply curve shifts to the left D. Supply curve shifts to the left D. Demand and supply curve shifts to the left D. Demand and supply curve shifts to the left D. Demand and supply curve shifts to the left D. Demand and supply curve shifts to the left D. Demand and supply curves both shift to the right D. Demand and supply curve shifts to the left D. Demand and supply curves both shifts to th | 16 | A change in the full employment quantity of labor the short run aggregate supply curve and the long run aggregate supply curve. | B. shifts; does not shift C. does not shift; shift |
| In the cost of slugger rises and slugger is major ingredient in jelly beans then the jelly bean. B. Supply curve shifts to the left C. Supply curve shifts to the right D. Demand and supply curves both shift to the right an more labor is added to a fixed amount of input the rate at which output goes up begins to decrease This is called. A. Diminishing marginal utility B. Diminishing marginal productivity C. Diminishing marginal costs D. Diminishing marginal profit A. An increase in aggregate supply A. An increase in aggregate supply B. A decrease in aggregate supply S. A decrease in aggregate supply C. A decrease in aggregate demand | 17 | Which of the following is most likely to benefit a debtor. | B. Anticipated deflation C. Unanticipated inflation |
| an more labor is added to a fixed amount of input the rate at which output goes up begins to decrease This is called. B. Diminishing marginal productivity C. Diminishing marginal costs D. Diminishing marginal profit A politician proposes reducing business taxes, a move she says will encourage risk taking entrepreneurship This proposed cut in business taxes is intended to stimulate the economy mainly though. A. An increase in aggregate supply supply P. A decrease in aggregate supply C. A decrease in aggregate demand | 18 | In the cost of slugger rises and slugger is major ingredient in jelly beans then the jelly bean. | B. Supply curve shifts to the left C. Supply curve shifts to the right D. Demand and supply curves both |
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| | 20 | entrepreneurship This proposed cut in business taxes is intended to stimulate the economy | supply <hr id="null"/> B. A decrease in aggregate supply C. A decrease in aggregate demand |