

## PPSC Economics Chapter 11 Assess Your Basics

Sr	Questions	Answers Choice
1	Economic transition involves high inflation because and	A. High monetary growth, high wages. B. High budget deficits, devaluation C. High monetary growth, devaluation D. Prices surge from an artificially low level to their equilibrium level the inflation tax is required as source of government revenue.
2	The multiplier accelerator model assumes depends on.	<ul><li>A. Consumption, expected future profits.</li><li>B. Investment, interest rates.</li><li>C. Investment expected future profits.</li><li>D. Stock building, interest rates.</li></ul>
3	All of the following are types of imperfect competition except	<ul><li>A. Monopolistic competition</li><li>B. Oligopoly</li><li>C. Monopoly</li><li>D. Unfair competition</li></ul>
4	The firms long run output decision will be where.	A. Long run average cost a lowest     B. Marginal revenue equals output     C. Marginal revenue equals long run     marginal cost     D. Marginal cost equals output
5	Satellite television subscription and television detection devices are ways in which broadcasting companies address the problem.	A. Externality B. Market imperfection C. Deadweight burden D. Free rider
6	Floating exchange rates are in the short run	A. Stable B. Volatile C. Predictable D. Depreciating
7	The key issues of macroeconomics are	<ul><li>A. Unemployment</li><li>B. Inflation</li><li>C. Economic growth</li><li>D. All of the above</li></ul>
8	A rise in the real exchange rate will the competitiveness of the domestic economy.	A. Increase B. reduce C. do nothing do D. all of these
9	At the intersection of AD and AS equilibrium is achieved in.	A. The goods market B. The money market C. The labour market D. All of the above
10	Normative economics form based on.	<ul><li>A. Positive statements facts</li><li>B. Opinions, personal values</li><li>C. Positive statements values</li><li>D. Opinions facts</li></ul>
11	Injection into the circular flow are and	A. Consumption, investment, exports B. Investment exports, transfer payments C. Investment government expenditure, exports. D. Taxes, exports, transfer payments.
12	Government may contribute to inflationary pressure on account of building up large.	<ul><li>A. Numbers of employees</li><li>B. Welfare plans</li><li>C. Budget deficits</li><li>D. Expenditure.</li></ul>
13	Possible causes of involuntary unemployment are	<ul><li>A. Minimum wage agreements</li><li>B. Trade unions</li><li>C. Scale economies</li><li>D. All of the abvoe</li></ul>
14	Economics is the study of	A. Production technology     B. Consumption decisions     C. How society decides what how and

		tor whom to produce D. The best way to run society
15	A reduction in interest rates, causes an increases in the monetary base that result in an in the availability of consumer credit and a _ in the cost of consumer credit.	A. Reduction, increases B. reduction, reduction C. increase, reduction D. increases, increases
16	LDC's often have a comparative advantage in the production of.	A. Primary products B. Intermediate products C. Manufactured products D. Financial services.
17	When real income increases, other things equal we fan expect the demand for real money holdings to.	A. Fall B. Not change C. Increase D. Decrease
18	An advocate of the classical model of the economy would claim that unemployment a created when the is above its equilibrium level in the.	A. Price level, agregate economy B. Tax rate, government ebudget C. Wage rate, labour market D. Interest rate, market for loanable
19	All of the following represent obstacles to LDC development except.	A. Resource scarcity B. Low level of investment C. Low population D. Poor infrastructure
20	If a country has a burden of debt it cannot sustain it can.	A. Reschedule debt B. Get a loan from an international organization C. Default on the loan D. Any of the above