PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	Taxes create a wedge between the sales price and purchase price that prevents the price system equaling _____ and	A. Marginal costs, marginal benefits B. Demand, supply C. Marginal cost, marginal revenue D. Marginal cost, average cost
2	In an economy, measuring total value (1) added, total value(2) spending on final goods and 3 total factor earning gives the result that.	A. 3>2>1 B. 3 +2>1 C. 3<2<1 D. Any measure can be larger or smaller than any other
3	The theory that explains business cycles by the dynamic interaction of consumption and investment demand is the.	A. Sun spect theory B. Multiplier accelerator model C. Solow theory D. New classical theory
4	Under floating exchange rates, expectations of higher interest rates are likely to cause an _____ of the exchange rate.	A. Depreciation B. Appreciation C. fall D. Devaluation
5	In the event of an increase in the international price of oil that encouraged the central bank to accept lower real interest rates, inflation would most likely.	A. Fall B. Increases C. Remain the same D. Fluctuate
6	A competitive firm produces a level of output at which.	A. Price is greater than marginal cost B. Price equals marginal cost C. Price is less than marginal cost D. None of the above
7	Economic growth may depend upon _____ and_____	A. Population size , x - efficiency B. Population age distribution, education C. Population growth, education D. Population growth, technical progress
8	If as result of householder wish to save more there is a change in equilibrium income and no change in equilibrium saving this as an example of.	A. Market imperfection B. The law of diminishing returns C. The paradox of thriff D. Market failure
9	Output fell sharply in the transition economies because.	A. Banks were undoable to function B. There was little corporate control C. Vital infrastructure was missing D. All of the above
10	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 funds
11	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
12	If your income doubles and the prices of the goods you buy double, then your demand for these goods will likely	A. Increase B. Not change C. Decrease D. Shift
13	All of the following are benefits of the single market except.	A. It allows countries to exploit their comparative advantage, more fully B. Firms could more readily exploit economies of scale C. It intensified competition D. It is easier book holidays in member countries.

14	The Keynesian model is a good guide to _____ behavior and the classical model describes behavior in.	A. ^{Long run, short run} B. Flexible, imperfect markets C. Short term , long run D. Ong run, imperfect market.
15	In the circular flow we would expect leakages to _____ injections.	A. equal B. be less than C. by greater than D. Be less or greater than
16	The quantity theory of money says that changes in _____ lead to equivalent changes in _____ but have no effect on.	A. Prices, wages, output and employment. B. Output, prices, employment C. Nominal money, the price level output and employment. D. Nominal money output prices
17	The cost of using capital services is the	A. wage rate of capital B. Interest charges C. Marginal capital cost D. Rental rate for capital
18	The key issues of macroeconomics are	A. Unemployment B. Inflation C. Economic growth D. All of the above
19	Top footballers land to earn more than lecturers because.	A. Footballers give more entertainment B. Lecturers are lazy C. The labour markets are imperfect D. Top footballers are relatively scarce in relation to lecturers
20	Floating exchange rates are __ in the short run	A. Stable B. Volatile C. Predictable D. Depreciating