

## PPSC Economics Chapter 11 Assess Your Basics

Sr	Questions	Answers Choice
1	a demand curve can shift because of changing.	A. Incomes B. Prices of related goods C. Testes D. All of the above
2	A good example of a public good is.	A. Public transport B. National defense C. The national health service D. Rail transport
3	If a firm not operating at the output necessary to achieve al scale economies it has not achieved its.	A. Efficient scale     B. Average efficient scale     C. Maximum efficient scale     D. Minimum efficient scale
4	A profit maximizing firm will hire labor until equal the	A. Marginal revenue, marginal cost     B. Long run marginal revenue, long run marginal cost     C. Labour output ratio, capital output ratio     D. Marginal cost of labour, marginal revenue product
5	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
6	The equilibrium inflation rate is determine by the intersection of and	A. demand, supply B. IS , LM C. AD, AS D. Labour demand, labour supply
7	A monopoly may be self perpetuating because profits may be used for	A. research B. Cost saving C. Technical advance D. All of the above
8	The business cycle describes fluctuations in output around the.	A. Trend path of output B. Boom C. Recession D. Short run fluctuations in output
9	Real GNP measures income	A. Including non market activities     B. Adjusted for inflation     C. Including externalities     D. Including tax evasion
10	Economics is the study of	A. Production technology B. Consumption decisions C. How society decides what how and for whom to produce D. The best way to run society
11	Adding up the quantities demanded of a good by different people facing the same price gives us the.	A. Supply curve B. Market demand curve C. Demand curve D. Market supply curve
12	Higher export demand output and a higher MPZ output	A. Reduces, reduces B. Reduces, increases C. Increases, reduces D. increases, increases
13	The retail price index is used to.	A. Construct price lists B. Compare shop prices C. Measure changes in the cost of living D. None of the above
		A. SMC , LMC B. SMC above SAVC, LMC above

14	For a competitive firm its short run supply curve is and its long run supply curve is.	C. SMC below SAVC, LMC above LAC D. SMC Below SAVC, LMC below LAC
15	Normative economics form based on.	A. Positive statements facts     B. Opinions, personal values     C. Positive statements values     D. Opinions facts
16	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.
17	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
18	If the consumption of a good by one person does not reduce the quantity available by other and nobody cna be easily excluded from consumption, we are referring to a.	A. Private good B. Merit good C. Public good D. Abundant good
19	International difference in opportunity costs lead to countries acquiring.	A. Comparative advantage B. High exchange rates C. Trade exchange rates D. Trade barriers
20	Firms are assumed to costs and to profit.	A. Incur , desire B. Pay ; make C. Change ;earn D. Minimize ; maximize