PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	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
2	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
3	The long run Philips curve is _____ at the _____	A. Horizontal natural rate of inflation B. Horizontal , natural rate of unemployment C. Vertical , natural rte of inflation D. Vertical , equilibrium rate of unemployment.
4	The neoclassical theory of growth identities the steady state rate of growth as the _____ just sufficient to keep _____ constant while labour grows.	A. Saving investment B. Capital per person productivity C. Labour growth , output D. Investment capital per person
5	Aggregate demand in an economy trading internationally with a government sector can be written s.	A. AD = C+1 B. AD = C + 1+ G C. AD = C +1+G+X+Z D. AD+C+1+G+X-Z
6	When a market is contestable , incumbent firms must._____ to avoid the entry of new competitors.	A. Behave like competitive firms B. Agree to act together C. Differentiate their products D. Practice price discrimination
7	The price elasticity of demand measures	A. The responsiveness of quantity demanded to a change in prie. B. How far a demand curve shifts C. A change in price D. A change in quantity demanded
8	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
9	If both Marginal cost and marginal revenue increase, a firm.	A. Should increase output B. Should reduce output C. Will require further information on how to respond D. should not change output
10	Nominal GNP measures income	A. At the present time B. Corrected for tax changes C. Corrected for changes in interest rates D. At current prices
11	Moral Hazard means that the act of insuring _____ that the desired outcome will occur.	A. Reduces the likelihood B. Increase the likelihood C. Guarantees D. None of the above
12	Real GNP is a crude measure of national welfare because it excludes.	A. Consumption B. Investment C. Export's D. work in the home
13	Real business cycle theory suggests that _____ not important in explaining short term fluctuations around actual output.	A. aggregate supply is B. aggregate demand is C. Potential output is D. Real variables are
14	If two firms doing the same thing in the same industry join together this is known as a.	A. vertical merger B. Horizontal merger C. Conglomerate merger

		D. Hostile takeover
15	In the ERM, each country fixed ____ against each other ERM participant collectively the group._____ against the rest of the world.	A. A nominal exchange rate, floated B. A real exchange rate, pegged C. a purchasing power parity, pegged D. a real exchange rate, floated
16	The equilibrium price clears the market it is the price at which.	A. Everything is sold B. Buyers spend all their money C. Excess demand is zero D. c and d
17	In linear consumption function with a positive slope less that on means that if income increase, consumption will.	A. Fall B. Not change C. Fluctuate D. Increase
18	One of the transmission mechanism of monetary policy is through consumer house hold wealth._____ and consumption.	A. rise, increases, increases B. rise, falls, increases C. rise, increases, falls D. rise, falls, falls
19	Floating exchange rates are __ in the short run	A. Stable B. Volatile C. Predictable D. Depreciating
20	International difference in opportunity costs lead to countries acquiring.	A. Comparative advantage B. High exchange rates C. Trade exchange rates D. Trade barriers