

## PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	Polices to reduce unemployment by reducing union power tax cut reduction is unemployment benefit and investment. subsidies are examples of.	A. Keynesian polices B. Supply side polices C. Monetarist polices D. Classical polices
2	The AD schedule indicates that _____ inflation is associated with _____ output.	A. higher , lower B. Higher , higher C. Lower , lower D. zero ,zero
3	LDC's often have a comparative advantage in the production of.	A. Primary products B. Intermediate products C. Manufactured products D. Financial services.
4	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
5	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
6	If goods are exported for less than society's marginal production cost and the marginal benefit to domestic consumers, it is likely that they benefit from.	A. An import subsidy B. A quota C. Comparative advantage D. An export subsidy
7	When we know the quantity of a product that buyers wish to purchases at each possible price we know.	A. Demand B. Supply C. excess demand D. Excess supply
8	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
9	If the government increase spending and raises taxes by just enough to finance the increase it will.	A. Leave output unchnaged B. Increase output C. Reduce output D. Increase the MPC
10	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
11	All of the following represent obstacles to LDC development except.	A. Resource scarcity B. Low level of investment C. Low population D. Poor infrastructure
12	When investment is assumed to autonomous the slope of the AD schedule is determined by the.	A. Marginal propensity to invest. B. disposable income C. Marginal propensity to consume D. Average propensity to consume E. <ul><li> </li></ul>
13	Leakages from the circular flow are _____ and _____	A. Investment savings, government expenditure B. Saving , taxes net of subsidies, imports C. Consumption, investment , government expenditure. D. Consumption, taxes, imports
14	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

15	We would normally expect the size of the labour force to be _____ than the number of workers willing to accept job offers at any real wage rate.	<p>A. Smaller</p> <p>B. Larger</p> <p>C. the same size</p> <p>D. None of these</p>
16	The business cycle is not transmitted from one country to another through.	<p>A. Private sector imports and exports</p> <p>B. Economic policy</p> <p>C. The duration of compulsory education</p> <p>D. Labour supply changes</p>
17	If some body is prepared to work at the going wage rate but cannot find work than they are victims of.	<p>A. Voluntary unemployment</p> <p>B. Classical unemployment</p> <p>C. Frictional unemployment.</p> <p>D. All of the above</p>
18	Expansionary fiscal policy in the classical model will cause aggregate demand to _____ potential output.	<p>A. Exceed</p> <p>B. Fall below</p> <p>C. Fluctuate around</p> <p>D. Remain equal to.</p>
19	During periods of rising inflation and rising interest rates we expect the demand for real cash to.	<p>A. rise</p> <p>B. fall</p> <p>C. not change</p> <p>D. fluctuate</p>
20	A tariff causes domestic firms to _____ and consumers to	<p>A. Overproduced, under consume</p> <p>B. overproduce , overconsume</p> <p>C. Underproduce, under consume</p> <p>D. underproduce, overconsume</p>