

## PPSC Economics Chapter 11 Assess Your Basics

Sr	Questions	Answers Choice
1	The business cycle describes fluctuations in output around the.	A. Trend path of output B. Boom C. Recession D. Short run fluctuations in output
2	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
3	A fixed exchange rate, plus perfect capital mobility the scope for monetary policy.	A. Enhances B. Undermines C. Encourages D. Facilitates
4	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
5	The AD schedule indicates that inflation is associated with output.	A. higher , lower B. Higher , higher C. Lower , lower D. zero ,zero
6	The imposition of a tariff causes consumption to and imports to.	A. rise , rise B. fall , rise C. fall , fall D. rise , fall
7	Bank create money by	A. Printing it B. Issuing debit cards C. Accepting chequeens D. Lending out part of their deposits
8	Real GNP is a crude measure of national welfare because it excludes.	A. Consumption B. Investment C. Export's D. work in the home
9	The short run marginal cost curve cuts the short run total cost curve and short run average variable cost curve.	A. At their lowest points B. When they are declining C. When they are increasing. D. When marginal revenue is zero
10	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
11	A market can accuretaly be described as	A. A place to buy things B. a place to sell things C. The process by which prices adjust to reconcile the allocation of resources D. a place where buyers and sellers meet.
12	Perfect international capital mobility suggests that international funds will be responsive to differentials.	A. Current account B. Interest rate C. Tax D. Price
13	A fall in investment demand can result from	A. Higher interest rates B. Lower expected future profits C. More expensive capital goods D. All of the above
14	Starting from a position of internal and external balance a reduction in aggregate demand will cause a current account.	A. Deficit B. Surplus C. Revaluation D. Devaluation
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15	Human capital can be described as.	A. The tools used by workers to entrances productivity     B. a persons inherited abilities.     C. The stock of expertise accumulated by a worker     D. Education
16	The real value can be derived from a nominal value by	A. Adjusting changes over time B. Adjusting for data collection errors C. Adjusting for population changes D. Adjusting for changes in prices
17	In a free market	A. Government intervene B. Government plan production C. Government interfere D. Price adjust to reconcile scarcity and desires.
18	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
19	A tariff causes domestic firms to and consumers to	A. Overproduced, under consume B. overproduce, overconsume C. Underproduce, under consume D. underproduce, overconsume
20	Marginal revenue is the when output is.	A. Change in average revenue, inversed. B. change in total revenue, increased by one unit C. change in average revenue, increased by one unit D. Change in total revenue, incresed.