PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	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
2	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
3	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
4	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
5	Except for taxes to offset ___ taxes are.	A. Imperfect competition , popular B. Extremality's, distortionary C. Inequality, a first best option D. Poor health, unnecessary
6	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.
7	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
8	Positive cross elasticities suggest that goods are _____ and negative cross elasticities that goods are.	A. Substitutes, interior B. Normal, complements C. Substitutes, complements D. Normal , interior
9	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
10	In the UK under a _____ of the labour force belong to a trade union.	A. Quarter B. Third C. Half D. Three quarters
11	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
12	Expansionary fiscal policy in the classical model will cause aggregate demand to _____ potential output.	A. Exceed B. Fall below C. Fluclaute around D. Remain equal to.
13	Firms are assumed to ____ costs and to _____ profit.	A. Incur , desire B. Pay ; make C. Change ;earn D. Minimize ; maximize
14	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

15	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
16	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
17	Extremality's arise because there is a divergence between ____ and _	A. Private costs, private benefits B. Private costs, social costs of benefits C. Social cost, social benefit D. Insiders, outsiders
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	Market some times fall to exist because of.	A. Externalities B. the free rider problem C. Poor transport D. a an b
20	The imposition of a tariff causes consumption to _____ and imports to.	A. rise , rise B. fall , rise C. fall , fall D. rise , fall