

PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	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
2	If I keep some money available in case I see a bargain this is an example of.	A. Asset demand for money B. Transactions demand for money C. Token demand for money D. Precautionary demand for money
3	Under floating exchange rates, expectations of higher interest rates are likely to cause an _____ of the exchange rate.	A. Depreciation B. Appreciation C. fall D. Devaluation
4	Economic growth may depend upon _____ and _____	A. Population size , x - efficiency B. Population age distribution, education C. Population growth, education D. Population growth, technical progress
5	The business cycle is not transmitted from one country to another through.	A. Private sector imports and exports B. Economic policy C. The duration of compulsory education D. Labour supply changes
6	The effect of a tax to offset a negative externality will be to _____ price and _____ quantity.	A. Reduce, reduce B. increase, increase C. Increase , reduce D. reduce, increase
7	If the diagram of a line shows that lower values on the vertical scale are associated with higher values on the horizontal scale this is an example of.	A. a nonlinear relationship B. A positive linear relationship C. A scatter diagram D. A negative linear relationship
8	The level of the equilibrium exchange rate offsets international difference in.	A. Comparative advantage B. Absolute advantage C. Opportunity cost D. Relative costs
9	Land will be allocated between competing uses so that.	A. Housing gets priority B. Industry gets priority C. Farming gets priority D. The equilibrium rental rate equilibrium total demand with supply
10	If your income during one year is L 10,000 and the following year it is L,12,000 then it has grown by	A. 20% B. 2% C. 12% D. 15%
11	Potential output can be increased by _____ or by _____	A. Increasing the use of labour, increasing the use of land B. Increasing the use of capital, increasing the use of labour C. Increasing the use of land, increasing the use of capital D. Increasing the use of all inputs technical advances
12	The neoclassical theory of growth identifies 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
13	During periods of rising inflation and rising interest rates we expect the demand for real cash to.	A. rise B. fall C. not change D. fluctuate
		A. Production technology

14	Economics is the study of	<p>B. Consumption decisions</p> <p>C. How society decides what how and for whom to produce</p> <p>D. The best way to run society</p>
15	Positive cross elasticities suggest that goods are _____ and negative cross elasticities that goods are.	<p>A. Substitutes, inferior</p> <p>B. Normal, complements</p> <p>C. Substitutes, complements</p> <p>D. Normal , inferior</p>
16	Aggregate demand in an economy trading internationally with a government sector can be written s.	<p>A. $AD = C+I$</p> <p>B. $AD = C + I+ G$</p> <p>C. $AD = C +I+G+X+Z$</p> <p>D. $AD+C+I+G+X+Z$</p>
17	Polices to reduce unemployment by reducing union power tax cut reduction is unemployment benefit and investment. subsidies are examples of.	<p>A. Keynesian polices</p> <p>B. Supply side polices</p> <p>C. Monetarist polices</p> <p>D. Classical polices</p>
18	The main cause of different relative costs between countries are.	<p>A. Relative factors competition</p> <p>B. Relative factor mobility</p> <p>C. Relative factor substitution</p> <p>D. Relative factor endowments</p>
19	A firm that breaks even after all economic costs are paid is earning.	<p>A. Economic profit</p> <p>B. Accounting profit</p> <p>C. Normal profit</p> <p>D. Supernormal profit</p>
20	The value of an asset depends upon	<p>A. Its scrap value</p> <p>B. Its depreciation</p> <p>C. The present value of the future stream of income it can earn.</p> <p>D. the cost of loans</p>