

PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	In a fixed exchange rate regime, the central bank will intervene by ___ pounds to _____ the exchange rate.	A. Selling, increase B. buying , increase C. selling, reduce D. both b and c
2	Adding up the quantities demanded of a good by different people facing the same price gives us the.	A. Supply curve B. Market demand curve C. Demand curve D. Market supply curve
3	By restricting labour supply a trade union can _____ and _____	A. Increase the wage, increase employment B. Maintain the wage, increase employment C. Increase the wage lower employment D. Maintain the wage, lower employment
4	Higher export demand _____ output and a higher MPZ _____ output..	A. Reduces, reduces B. Reduces, increases C. Increases, reduces D. increases, increases
5	International specialization takes place because of.	A. Differences in technology B. Differences in factor endowments C. Scale economies D. All of the above
6	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
7	A fixed exchange rate, plus perfect capital mobility _____ the scope for monetary policy.	A. Enhances B. Undermines C. Encourages D. Facilitates
8	Within circular flow of income, an increase in domestic income iwll lend to increase.	A. Exports B. Taxes C. Inventories D. Imports
9	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 thrift D. Market failure
10	Perfect price discrimination means that every customer.	A. Buys the same amount B. Pays the same price C. Pays what she thinks the product is worth D. Contributes the same revenue.
11	Top footballers land to earn more than lecturers because.	A. Footballers give more entertainment B. Lecturers are lazy C. The labour markets are imperfect D. Top footballers are relatively scarce in relation to lecturers
12	When capital mobility is perfect, interest rate differentials will tend to be offset by	A. Price differences. B. Balance of payments differences. C. Current account differences. D. Expected exchange rate changes
13	The key issues of macroeconomics are	A. Unemployment B. Inflation C. Economic growth D. All of the above
14	The extra utility from consuming one more unit of a good is called.	A. Marginal utility B. Additional utility C. Total utility

		C. surplus utility D. Bonus utility
15	Normative economics form _____ based on.	A. Positive statements facts B. Opinions, personal values C. Positive statements values D. Opinions facts
16	With fixed exchange rates and no private currency flow, when the central bank buys domestic currency the domestic money supply is.	A. Increased B. Unaffected C. Reduced D. All of the above
17	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
18	The business cycle describes fluctuations in output around the.	A. Trend path of output B. Boom C. Recession D. Short run fluctuations in output
19	The AD schedule indicates that _____ inflation is associated with _____ output.	A. higher , lower B. Higher , higher C. Lower , lower D. zero ,zero
20	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