

PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	A dominant strategy is.	A. A winning strategy B. A losing strategy C. A players best strategy when moving first D. a player's best strategy whatever the strategies adopted by rivals
2	The price elasticity of demand measures	A. The responsiveness of quantity demanded to a change in price. B. How far a demand curve shifts C. A change in price D. A change in quantity demanded
3	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
4	Holding all factors constant except one and increasing a variable factor is expected to lead to steadily decreasing marginal product of the factor this is an example of.	A. Decreasing returns to scale B. The law of diminishing returns C. Constant returns to scale D. an inefficient production technique
5	If one country, with floating exchange states, has higher inflation than its competitors, we would expect its exchange rate to.	A. Appreciate B. Depreciate C. Revalue D. be in short supply
6	The prisoners Dilemma Game demonstrates that.	A. Players are better off to act independently B. Monopoly is better than competition C. People will always cheat D. Players are better off if they can operate
7	Positive cross elasticities suggest that goods are _____ and negative cross elasticities that goods are.	A. Substitutes, inferior B. Normal, complements C. Substitutes, complements D. Normal , inferior
8	In the absence of international capital controls, central banks set _____ to provide the correct incentive for speculators	A. Money supply targets B. Income policy C. Interest rates D. Inflation targets
9	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
10	Skilled labour is relatively scarce because.	A. There are too few teachers B. Too few student places in higher education C. It is costly to acquire human capital D. Teachers salaries are too low
11	If some body is prepared to work at the going wage rate but cannot find work than they are victims of.	A. Voluntary unemployment B. Classical unemployment C. Frictional unemployment. D. All of the above
12	Economics assumes that people consume goods and services to achieve.	A. Status B. Prestige C. Utility D. Self esteem
13	In the circular flow we would expect leakages to _____ injections.	A. equal B. be less than C. by greater than D. be more than

		D. Be less or greater than
14	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
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.	A. Smaller B. Larger C. the same size D. None of these
16	For a competitive firm its short run supply curve is _____ and its long run supply curve is.	A. SMC , LMC B. SMC above SAVC, LMC above LAC C. SMC below SAVC, LMC above LAC D. SMC Below SAVC, LMC below LAC
17	The most important source of wage differentiate are.	A. Reginal variation B. Unionization C. Relative danger D. Skills
18	The AD schedule indicates that _____ inflation is associated with _____ output.	A. higher , lower B. Higher , higher C. Lower , lower D. zero ,zero
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	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