

## PPSC Economics Chapter 11 Assess Your Basics

Sr	Questions	Answers Choice
1	GDP per head may be an imperfect measure of economic welfare because it excludes.	A. The value of leisure B. Externalities C. Untraded goods D. All of the above
2	A monopoly may be self perpetuating because profits may be used for	A. research B. Cost saving C. Technical advance D. All of the above
3	Land will be allocated between competing uses so that.	A. Housing gets priority B. Industry gets priority C. Faming gets priority D. The equilibrium rental rate equilibrium total demand with supply
4	Short run average total costs are equal to the sum of and	A. Short run opportunity costs, profit B. Short run average variable costs, profit C. short run average variable costs, profit. D. Short run average variable costs short run average fixed costs
5	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
6	The single European Act committed_ governments to a in 1992	A. European union, single market B. Western European, single currency area C. European union, single currency area D. Western European, single market
7	An increase in consumer income will increase demand for a for decrease demand for a.	A. Substitute good interior good     B. Normal good, interior good     C. Interior good, normal good.     D. Normal good, complementary good.
8	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
9	The equilibrium inflation rate is determine by the intersection of and	A. demand, supply B. IS, LM C. AD, AS D. Labour demand, labour supply
10	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
11	Floating exchange rates are in the short run	A. Stable B. Volatile C. Predictable D. Depreciating
12	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
13	Injection into the circular flow are and	A. Consumption, investment, exports     B. Investment exports, transfer     payments     C. Investment government     expenditure, exports.     D. Taxes, exports, transfer payments.

14	The allocation of resources is not efficient it	does not equal society marginal benefit  B. The distribution is inequitable C. Economic growth is low D. Unemployment is high
15	Efficiency wages are that raise	A. Low wages , employment B. High wages, labor supply C. High wages, productivity D. High wages, employment
16	A person who is made redundant because of the contraction of an industry is a victim of.	A. Frictional unemployment     B. Demand deficient unemployment     C. Classical unemployment     D. Structural unemployment
17	When the S/L exchange rate rises the pounds and whent he S/L rate falls the pounds.	A. depreciates, appreciates     B. revalues, devalues     C. appreciates, deprecates     D. becomes more expensive, becomes cheaper
18	In the economy when a steel producer sells steel to car producer it is regarded as.	A. A final good B. An intermediate good C. an injection D. a leakage
19	The key issues of macroeconomics are	<ul><li>A. Unemployment</li><li>B. Inflation</li><li>C. Economic growth</li><li>D. All of the above</li></ul>
20	If a long average cost rises, output rises from left to right this is an example of.	A. Increasing returns to scale     B. Decreasing returns to scale.     C. Constant returns to scale     D. the minimum efficient scale