

PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	At the intersection of AD and AS equilibrium is achieved in.	A. The goods market B. The money market C. The labour market D. All of the above
2	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
3	A current account deficit means that a country may.	A. Reduce its stock of foreign assets B. Increases its stock of foreign assets C. Increases its savings D. Increases its foreign currency reserves.
4	The multiplier tells us how much _____ changes after a shift in.	A. Consumption, income B. Investment , output C. Savings, investment D. output, aggregate demand
5	In a competitive industry each buyer and seller.	A. Is a price taker B. Produce different products C. Believes that can influence price D. Prevents the entry of competitors
6	When the S/L exchange rate rises the pounds _____ and when the S/L rate falls the pounds.	A. depreciates, appreciates B. revalues, devalues C. appreciates, depreciates D. becomes more expensive, becomes cheaper
7	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
8	The impossibility of negative gross investment provides a _____ to fluctuations in.	A. Ceiling, stock building B. Ceiling, capital prices C. floor , output D. floor , the capital output ratio
9	On a graph a positive linear relationship.	A. Moves down to the right B. Moves up to the left C. Moves up to the right D. Moves down to the left
10	If banks and the private sector decide to hold less cash the money multiplier will be.	A. Unchanged B. Larger C. Smaller D. unstable
11	If a price increase of good A increases the quantity demanded of good B, then good B is a.	A. substitute good B. Complementary good C. Bargain D. Interior good
12	In the EMU a country's competitiveness can change because of.	A. Interest rate adjustment B. Central bank intervention in the forex C. Domestic wage and price adjustment D. Devaluations
13	Top footballers tend 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
		A. Individual building blocks in the economy

14	Macro economics is the study of.	<p>B. The relationship between different sectors of the economy</p> <p>C. Household purchased decisions</p> <p>D. The economy as a whole</p>
15	A competitive firm produces a level of output at which.	<p>A. Price is greater than marginal cost</p> <p>B. Price equals marginal cost</p> <p>C. Price is less than marginal cost</p> <p>D. None of the above</p>
16	Perfect price discrimination means that every customer.	<p>A. Buys the same amount</p> <p>B. Pays the same price</p> <p>C. Pays what she thinks the product is worth</p> <p>D. Contributes the same revenue.</p>
17	Within circular flow of income, an increase in domestic income will lead to increase.	<p>A. Exports</p> <p>B. Taxes</p> <p>C. Inventories</p> <p>D. Imports</p>
18	In the circular flow we would expect leakages to _____ injections.	<p>A. equal</p> <p>B. be less than</p> <p>C. be greater than</p> <p>D. Be less or greater than</p>
19	For a competitive firm its short run supply curve is _____ and its long run supply curve is.	<p>A. SMC , LMC</p> <p>B. SMC above SAVC, LMC above LAC</p> <p>C. SMC below SAVC, LMC above LAC</p> <p>D. SMC Below SAVC, LMC below LAC</p>
20	A tariff causes domestic firms to _____ and consumers to	<p>A. Overproduce, under consume</p> <p>B. overproduce , overconsume</p> <p>C. Underproduce, under consume</p> <p>D. underproduce, overconsume</p>