

PPSC Economics Chapter 11 Assess Your Basics

Sr	Questions	Answers Choice
1	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
2	the Maastricht criteria for entry to the EMU are that applicants should have	A. Low inflation B. Low interest rates C. Stable nominal exchange rate D. All of the above
3	Perfect international capital mobility suggests that international funds will be responsive to differentials.	A. Current account B. Interest rate C. Tax D. Price
4	The theory that explains business cycles by the dynamic interaction of consumption and investment demand is the.	A. Sun spect theory B. Multiplier accelerator model C. Solow theory D. New classical theory
5	A firm that breaks even after all economic costs are paid is earning.	A. Economic profit B. Accounting profit C. Normal profit D. Supernormal profit
6	The costs of inflation are	A. Shoe leather costs B. Menu costs C. Income redistribution D. All of the above
7	The most important source of wage differentiate are.	A. Reginal variation B. Unionization C. Relative danger D. Skills
8	Starting from a position of internal and external balance a reduction in aggregate demand will cause a current account.	A. Deficit B. Surplus C. Revaluation D. Devaluation
9	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
10	LDC's often have a comparative advantage in the production of.	A. Primary products B. Intermediate products C. Manufactured products D. Financial services.
11	Higher export demand output and a higher MPZ output	A. Reduces, reduces B. Reduces, increases C. Increases, reduces D. increases, increases
12	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
13	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.
14	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
		A. Increase the wage, increase

15	By restricting labour supply a trade union can and	employment B. Maintain the wage, increase employment C. Increase the wage lower employment D. Maintain the wage, lower employment
16	The main cause of different relative costs between countries are.	A. Relative factors competition B. Relative factor mobility C. Relative factor substitution D. Relative factor endowments
17	A rise in the real exchange rate will the competitiveness of the domestic economy.	A. Increase B. reduce C. do nothing do D. all of these
18	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
19	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
20	All of the following are types of imperfect competition except	A. Monopolistic competition B. Oligopoly C. Monopoly D. Unfair competition