

## PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	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
2	Floating exchange rates are ___ in the short run	A. Stable B. Volatile C. Predictable D. Depreciating
3	Economics assumes that people consume goods and services to achieve.	A. Status B. Prestige C. Utility D. Self esteem
4	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
5	A dominant strategy is.	A. A winning strategy B. A losing strategy C. A player's best strategy when moving first D. a player's best strategy whatever the strategies adopted by rivals
6	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.
7	Monetarists believe that a reduction in _____ can be achieved by reducing.	A. Unemployment, prices B. Inflation, wages C. Unemployment, wages D. Inflation, the quantity of nominal money
8	International difference in opportunity costs lead to countries acquiring.	A. Comparative advantage B. High exchange rates C. Trade exchange rates D. Trade barriers
9	If the diagram of a line shows that lower values on the vertical scale are associated with higher values on the horizontal scale this is an example of.	A. a nonlinear relationship B. A positive linear relationship C. A scatter diagram D. A negative linear relationship
10	The short run marginal cost curve cuts the short run total cost curve and short run average variable cost curve.	A. At their lowest points B. When they are declining C. When they are increasing. D. When marginal revenue is zero
11	Leakages from the circular flow are _____ and _____	A. Investment savings, government expenditure B. Saving , taxes net of subsidies, imports C. Consumption, investment , government expenditure. D. Consumption, taxes, imports
12	Within circular flow of income, an increase in domestic income will lead to increase.	A. Exports B. Taxes C. Inventories D. Imports
13	In the short run the level of floating exchange rates is determined mainly by.	A. Interest rates B. Competitiveness C. Trade D. Speculation
14	A competitive firms demand curve is.	A. Horizontal B. Vertical

		C. Down ward sloping D. Fairly elastic
15	Real GNP measures income	A. Including non market activities B. Adjusted for inflation C. Including externalities D. Including tax evasion
16	In linear consumption function with a positive slope less than one means that if income increase, consumption will.	A. Fall B. Not change C. Fluctuate D. Increase
17	A natural monopoly has a declining _____ over a large range of output.	A. Long run marginal cost B. Short run marginal cost C. Long run average cost D. Long run marginal cost
18	The most important source of wage differentiation are.	A. Regional variation B. Unionization C. Relative danger D. Skills
19	Economic transition involves high inflation because _____ and _____	A. High monetary growth, high wages. B. High budget deficits, devaluation C. High monetary growth, devaluation D. Prices surge from an artificially low level to their equilibrium level the inflation tax is required as source of government revenue.
20	The Philips curve shows the trade off between _____ and _____	A. The inflation rate, interest rates B. The inflation rate, the unemployment rate C. interest rates, output D. Output, employment