

PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	In the ERM, each country fixed ____ against each other ERM participant collectively the group. _____ against the rest of the world.	A. A nominal exchange rate, floated B. A real exchange rate, pegged C. a purchasing power parity, pegged D. a real exchange rate, floated
2	In the UK mergers can be referred to the competition commission of they create a firm with _____ of the market.	A. 15% B. 20% C. 25% D. 30%
3	All of the following represent obstacles to LDC development except.	A. Resource scarcity B. Low level of investment C. Low population D. Poor infrastructure
4	If a firm not operating at the output necessary to achieve al scale economies it has not achieved its.	A. Efficient scale B. Average efficient scale C. Maximum efficient scale D. Minimum efficient scale
5	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
6	All of the following are types of imperfect competition except	A. Monopolistic competition B. Oligopoly C. Monopoly D. Unfair competition
7	A competitive firm produces a level of output at which.	A. Price is greater than marginal cost B. Price equals marginal cost C. Price is less than marginal cost D. None of the above
8	Short run equilibrium output means that aggregate demand _ actual output	A. is less than B. equals C. is greater than D. fluctuates around
9	Positive cross elasticities suggest that goods are _____ and negative cross elasticities that goods are.	A. Substitutes, interior B. Normal, complements C. Substitutes, complements D. Normal , interior
10	For given government spending and taxation the government budget deficit will grow in _____ and decline in _____	A. booms, booms B. recession, recession C. booms, recessions D. recessions, booms
11	The costs of inflation are	A. Shoe leather costs B. Menu costs C. Income redistribution D. All of the above
12	When investment is assumed to autonomous the slope of the AD schedule is determined by the.	A. Marginal propensity to invest. B. disposable income C. Marginal propensity to consume D. Average propensity to consume E. $\frac{1}{1 - MPC}$
13	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
14	Marginal revenue is the _____ when output is.	A. Change in average revenue, inversed. B. change in total revenue, increased by one unit C. change in average revenue,

		increased by one unit D. Change in total revenue, increased.
15	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.
16	In the EMU a country's competitiveness can change because of.	A. Interest rate adjustment B. Central bank intervention i the forex C. Domestic wage and price adjustment D. Devaluations
17	If the central bank buys financial securities in the open market to increase the monetary base, this is an example of.	A. Lender of last resort B. Financial intermediation C. Open market operations D. Financial regulation.
18	If your income doubles and the prices of the goods you buy double, then your demand for these goods will likely	A. Increase B. Not change C. Decrease D. Shift
19	Higher export demand _____ output and a higher MPZ _____ output..	A. Reduces, reduces B. Reduces, increases C. Increases, reduces D. increases, increases
20	Economics assumes that people consume goods and services to achieve.	A. Status B. Prestige C. Utility D. Self esteem