

PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	For perfect competition of work there must be	A. Many buyers and sellers B. A standard product C. Free entry and exit D. All of the above
2	Human capital can be described as.	A. The tools used by workers to enhance productivity B. a person's inherent abilities. C. The stock of expertise accumulated by a worker D. Education
3	Aggregate demand without a foreign sector is the sum of.	A. $C+I$ B. $C+G$ C. $I+G$ D. $C+I+G$
4	Government may contribute to inflationary pressure on account of building up large.	A. Numbers of employees B. Welfare plans C. Budget deficits D. Expenditure.
5	A rise in the real exchange rate will ___ the competitiveness of the domestic economy.	A. Increase B. Reduce C. do nothing D. all of these
6	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
7	By restricting labour supply a trade union can _____ and_____	A. Increase the wage, increase employment B. Maintain the wage, increase employment C. Increase the wage, lower employment D. Maintain the wage, lower employment
8	In the short run the level of floating exchange rates is determined mainly by.	A. Interest rates B. Competitiveness C. Trade D. Speculation
9	Floating exchange rates are ___ in the short run	A. Stable B. Volatile C. Predictable D. Depreciating
10	In the short run, the supply of capital is _____ and in the long run will depend on.	A. Variable technology B. Fixed, expectations C. Fixed, rental rate of capital D. Variable, interest rates.
11	An allocation is Pareto efficient if no reallocation of resources would make some people _____ without making others	A. Worse off, worse off B. better off, better off C. better off, worse off D. equal, unequal
12	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
13	Satellite television subscription and television detection devices are ways in which broadcasting companies address the ___ problem.	A. Externality B. Market imperfection C. Deadweight burden D. Free rider
		A. The time lost in finding it B. The quantity of other goods sacrificed to get another unit of that

14 The opportunity cost of a good is. **good**
C. The expenditure on the good
D. The loss of interest in using savings

15 A profit maximizing firm will hire labor until _____ equal the **good**
A. Marginal revenue, marginal cost
B. Long run marginal revenue, long run marginal cost
C. Labour output ratio, capital output ratio
D. Marginal cost of labour, marginal revenue product

16 An upward shift in marginal cost _____ output and an upward shift in _____ marginal revenue _____ output.
A. Reduce , reduce
B. Reduce , increase
C. Increased, increased
D. Increases, reduces

17 If desired spending in the economy exceeds income we would expect.
A. House hold to save more
B. Firm to produce less
C. Firms is produce more
D. the MPC to change

18 Macro economics is the study of.
A. Individual building blocks in the economy
B. The relationship between different sectors of the economy
C. Household purchased decisions
D. The economy as a whole

19 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

20 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