

PPSC Economics Chapter 11 Assess Your Basics

Sr	Questions	Answers Choice
1	In Nash equilibrium each player chooses the best strategy.	A. Assuming other players move first. B. Dominated by the other players C. Given the strategies of other players D. That is a credible threat
2	When a market is contestable , incumbent firms must to avoid the entry of new competitors.	A. Behave like competitive firms B. Agree to act together C. Differentiate their products D. Practice price discrimination
3	In the classical model, potential output can not be increased by	A. Monetary growth B. Better technology C. More capital D. higher labour supply
4	When capital mobility is perfect, interest rate differentials will tend to be offset by	A. Price differences. B. Balance of payments differences. C. Current account differences. D. Expected exchange rate changes
5	All of the following are types of imperfect competition except	A. Monopolistic competition B. Oligopoly C. Monopoly D. Unfair competition
6	A tariff causes domestic firms to and consumers to	A. Overproduced, under consume B. overproduce , overconsume C. Underproduce, under consume D. underproduce, overconsume
7	In the circular flow we would expect leakages to injections.	A. equal B. be less than C. by greater than D. Be less or greater than
8	Except for taxes to offset taxes are.	A. Imperfect competition , popular B. Extremality's, distortionary C. Inequality, a first best option D. Poor health, unnecessary
9	The equilibrium inflation rate is determine by the intersection of and	A. demand, supply B. IS , LM C. AD, AS D. Labour demand, labour supply
10	We would normally expect the size of the labour force to be than the number of workers willing to accept job offers at any real wage rate.	A. Smaller B. Larger C. the same size D. None of these
11	Real GNP is a crude measure of national welfare because it excludes.	A. Consumption B. Investment C. Export's D. work in the home
12	Expansionary fiscal policy in the classical model will cause aggregate demand to potential output.	A. Exceed B. Fall below C. Fluclaute around D. Remain equal to.
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	In a fixed exchange rate regime, the central bank will intervene by pounds to the exchange rate.	A. Selling, increase B. buying , increase C. selling, reduce D. both b and c
		A. Technology

15	A supply curve is directly affected by	B. Input costsC. <div>Government regulation</div>D. All of the above
16	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
17	A profit maximizing firm will hire labor until equal the	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
18	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 resortB. Financial intermediationC. Open market operationsD. Financial regulation.
19	Market failure may arise because of.	A. Imperfect competition B. Taxation C. Externalities D. All of the above
20	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