

## PPSC Economics Chapter 11 Assess Your Basics

Sr	Questions	Answers Choice
1	For perfect competition ot work there must be	A. Many buyers and sellers B. A standard product C. Free entry and exit D. All of the above
2	Short run average total costs are equal to the sum of and	A. Short run opportunity costs, profit     B. Short run average variable costs, profit     C. short run average variable costs, profit.     D. Short run average variable costs short run average fixed costs
3	If the MPC is 0.5 the multiplier is	A. 2 B. 1/2 C. 0.2 D. 20
4	Economic growth may depend upon and	A. <div>Population size , x - efficiency</div> B. Population age distribution, education C. Population growth, education D. Population growth, technical progress
5	At the intersection of AD and AS equilibrium is achieved in.	A. The goods market B. The money market C. The labour market D. All of the above
6	Women and non whiles on average receive lower comes than white men because.	A. They tend to work in relatively unskilled jobs B. Educational disadvantage C. Firms are reluctant to invest in training D. All of the above
7	Within circular flow of income, an increase in domestic income iwll lend to increase.	A. Exports B. Taxes C. Inventories D. Imports
8	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
9	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
10	The neoclassical theory of growth identities the steady state rate of growth as the just sufficient to keep constant while labour grows.	A. Saving investment     B. Capital per person productivity     C. Labour growth , output     D. Investment capital per person
11	Real business cycle theory suggests that not important in explaining short term fluctuations around actual output.	A. aggregate supply is B. aggregate demand is C. Potential output is D. Real variables are
12	An increase in consumer income will increase demand for a for decrease demand for a.	A. Substitute good interior good B. Normal good, interior good C. Interior good, normal good. D. Normal good, complementary good.
13	Holding all factors constant except one and increasing a variable factor is expected to lead to steadily decreasing marginal product of the factor this is an example of.	A. Decreasing returns to scale B. The law of diminishing returns C. Constant returns to scale

	D. an inefficient production technique
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
In the economy when a steel producer sells steel to car producer it is regarded as.	A. A final good B. An intermediate good C. an injection D. a leakage
Real GNP measures income	A. Including non market activities     B. Adjusted for inflation     C. Including externalities     D. Including tax evasion
Bank create money by	A. Printing it     B. Issuing debit cards     C. Accepting chequeens     D. Lending out part of their deposits
Macro economics is the study of.	A. Individual building blocks in the economy     B. The relationship between differen sectors of the economy     C. Household purchased decisions     D. The economy as a whole
Possible causes of involuntary unemployment are	A. Minimum wage agreements     B. Trade unions     C. Scale economies     D. All of the abvoe
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
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