

PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	Top footballers land to earn more than lecturers because.	A. Footballers give more entertainment B. Lecturers are lazy C. The labour markets are imperfect D. Top footballers are relatively scarce in relation to lecturers
2	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.
3	A competitive equilibrium is Pareto efficient because.	A. Producers are price takers B. Consumers and producer's face the same prices C. Marginal costs and benefits are equal D. All of the above
4	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
5	All of the following are parts of the business cycle except.	A. Boom B. slump C. Recovery D. Acceleration
6	Taxes create a wedge between the sales price and purchase price that prevents the price system equaling _____ and _____	A. Marginal costs, marginal benefits B. Demand, supply C. Marginal cost, marginal revenue D. Marginal cost, average cost
7	Economics is the study of	A. Production technology B. Consumption decisions C. How society decides what how and for whom to produce D. The best way to run society
8	In the EMU a country's competitiveness can change because of.	A. Interest rate adjustment B. Central bank intervention in the forex C. Domestic wage and price adjustment D. Devaluations
9	With fixed exchange rates and no private currency flow, when the central bank buys domestic currency the domestic money supply is.	A. Increased B. Unaffected C. Reduced D. All of the above
10	The business cycle is not transmitted from one country to another through.	A. Private sector imports and exports B. Economic policy C. The duration of compulsory education D. Labour supply changes
11	If a person thinks they are better off after a 10% wage increase, and all prices have risen 10%, then they are experiencing.	A. Inflation B. A supply shocks C. Crowding out D. Inflation illusion
12	The total multiplier for the economy will reflect.	A. MPC and MPT B. MPT and MPZ C. MPC and MPZ D. MPC, MPT and MPZ
13	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

14 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

15 The value of an asset depends upon

A. Its scrap value
B. Its depreciation
C. The present value of the failure stream of income it can earn.
D. the cost of loans

16 The effect of a tax to offset a negative externality will be to _____ price and ____ quantity.

A. Reduce, reduce
B. increase, increase
C. Increase , reduce
D. reduce, increase

17 A good example of a public good is.

A. Public transport
B. National defense
C. The national health service
D. Rail transport

18 All of the following are benefits of the single market except.

A. It allows countries to exploit their comparative advantage, more fully
B. Firms could more readily exploit economies of scale
C. It intensified competition
D. It is easier book holidays in member countries.

19 An advocate of the classical model of the economy would claim that unemployment is created when the _____ is above its equilibrium level in the.

A. Price level, aggregate economy
B. Tax rate, government ebudget
C. Wage rate, labour market
D. Interest rate, market for loanable funds

20 A production technique is technically efficient if.

A. Output is maximized
B. Input are minimized
C. there is no way to make a given output using less of one input and no more of the other inputs.
D. costs are minimized
