

## PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	When we know the quantity of a product that buyers wish to purchase at each possible price we know.	A. Demand B. Supply C. excess demand D. Excess supply
2	In a free market	A. Government intervene B. Government plan production C. Government interfere D. Price adjust to reconcile scarcity and desires.
3	LDC's often have a comparative advantage in the production of.	A. Primary products B. Intermediate products C. Manufactured products D. Financial services.
4	Leakages from the circular flow are ____ and ____	A. Investment savings, government expenditure B. Saving , taxes net of subsidies, imports C. Consumption, investment , government expenditure. D. Consumption, taxes, imports
5	Aggregate demand in an economy trading internationally with a government sector can be written as.	A. $AD = C+I$ B. $AD = C + I+ G$ C. $AD = C +I+G+X+Z$ D. $AD+C+I+G+X+Z$
6	M4 is a _____ measures of money and includes deposits at both _____ and _____	A. Narrow, banks, building societies B. Wide, banks, insurance companies C. narrow, banks, insurance companies D. Wide, banks, building societies.
7	All of the following are parts of the business cycle except.	A. Boom B. slump C. Recovery D. Acceleration
8	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
9	If your income during one year is L 10,000 and the following year it is L,12,000 then it has grown by	A. 20% B. 2% C. 12% D. 15%
10	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
11	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
12	A straight line diagram can be drawn knowing the ____ and ____	A. Vertical axis and horizontal axis B. Intercept and slope C. Scale and slope D. Intercept and scale.
13	During periods of rising inflation and rising interest rates we expect the demand for real cash to.	A. rise B. fall C. not change D. fluctuate
		A. 15%

- 14 In the UK mergers can be referred to the competition commission of they create a firm with \_\_\_\_\_ of the market.  
B. 20%  
C. 25%  
D. 30%
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- 15 Normative economics form \_\_\_\_\_ based on.  
A. Positive statements facts  
B. Opinions, personal values  
C. Positive statements values  
D. Opinions facts
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- 16 In the neoclassical theory of growth a higher saving rate leads to.  
A. A higher growth rate  
B. A fluctuating growth rate  
C. A lower growth rate  
D. No change in the growth rate
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- 17 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
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- 18 import substitution is the replacement of \_\_\_\_\_ by domestic production under the protection of.  
A. exports, subsidies  
B. Exports, patents  
C. imports, high tariffs or import quotes  
D. Imports, subsidies
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- 19 If two firms doing the same thing in the same industry join together this is known as a.  
A. vertical merger  
B. Horizontal merger  
C. Conglomerate merger  
D. Hostile takeover
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- 20 The AD schedule indicates that \_\_\_\_\_ inflation is associated with \_\_\_\_\_ output.  
A. higher , lower  
B. Higher , higher  
C. Lower , lower  
D. zero ,zero