

PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	In the short run the level of floating exchange rates is determined mainly by.	A. Interest rates B. Competitiveness C. Trade D. Speculation
2	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
3	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
4	The business cycle describes fluctuations in output around the.	A. Trend path of output B. Boom C. Recession D. Short run fluctuations in output
5	We cannot say whether one allocation of resources is better than another allocation because.	A. some people cant count B. Some people may not be permanent residents C. Not all economic activity is legal D. We cant make value judgements to compare different people welfare.
6	The participation rate in the labour force is affected by	A. Higher real wages B. Lower fixed costs of working C. Lower non labor income D. All of the above
7	When investment is assumed to autonomous the slope of the AD schedule is determined by the.	A. Marginal propensity to invest. B. disposable income C. Marginal propensity to consume D. Average propensity to consume E. $\frac{1}{1 - \text{MPC}}$
8	Extremality's arise because there is a divergence between _____ and _____	A. Private costs, private benefits B. Private costs, social costs of benefits C. Social cost, social benefit D. Insiders, outsiders
9	The firms long run output decision will be where.	A. Long run average cost a lowest B. Marginal revenue equals output C. Marginal revenue equals long run marginal cost D. Marginal cost equals output
10	The short run marginal cost curve cuts the short run total cost curve and short run average variable cost curve.	A. At their lowest points B. When they are declining C. When they are increasing. D. When marginal revenue is zero
11	Moral Hazard means that the act of insuring _____ that the desired outcome will occur.	A. Reduces the likelihood B. Increase the likelihood C. Guarantees D. None of the above
12	Possible causes of involuntary unemployment are	A. Minimum wage agreements B. Trade unions C. Scale economies D. All of the above
13	When the S/L exchange rate rises the pounds _____ and when the S/L rate falls the pounds.	A. depreciates, appreciates B. revalues, devalues C. appreciates, depreciates D. becomes more expensive, becomes cheaper

14	The neoclassical theory of growth identifies 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
15	Floating exchange rates are ___ in the short run	A. Stable B. Volatile C. Predictable D. Depreciating
16	If one country, with floating exchange states, has higher inflation than its competitors, we would expect its exchange rate to.	A. Appreciate B. Depreciate C. Revalue D. be in short supply
17	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
18	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
19	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
20	If the government increase spending and raises taxes by just enough to finance the increase it will.	A. Leave output unchagned B. Increase output C. Reduce output D. Increase the MPC