

PPSC Economics Topic 11 Assess Your Basics

Sr	Questions	Answers Choice
1	Starting from a position of internal and external balance a reduction in aggregate demand will cause a current account.	A. Deficit B. Surplus C. Revaluation D. Devaluation
2	If desired spending in the economy exceeds income we would expect.	A. House hold to save more B. Firm to produce less C. Firms is produce more D. the MPC to change
3	Short run equilibrium output means that aggregate demand _ actual output	A. is less than B. equals C. is greater than D. fluctuates around
4	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
5	If both Marginal cost and marginal revenue increase, a firm.	A. Should increase output B. Should reduce output C. Will require further information on how to respond D. should not change output
6	Normative economics form _____ based on.	A. Positive statements facts B. Opinions, personal values C. Positive statements values D. Opinions facts
7	When we know the quantity of a product that buyers wish to purchases at each possible price we know.	A. Demand B. Supply C. excess demand D. Excess supply
8	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
9	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
10	For a competitive firm its short run supply curve is _____ and its long run supply curve is.	A. SMC , LMC B. SMC above SAVC, LMC above LAC C. SMC below SAVC, LMC above LAC D. SMC Below SAVC, LMC below LAC
11	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
12	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
13	In the absence of international capital controls, central banks set _____ to provide the correct incentive for speculators	A. Money supply targets B. Income policy C. Interest rates D. Inflation targets
		A. The tools used by workers to entrances productivity _

14	Human capital can be described as.	<p>B. a persons inherited abilities.</p> <p>C. The stock of expertise accumulated by a worker</p> <p>D. Education</p>
15	If a person thinks they are better off after a 10% wage increase, and all prices have risen 10%, then they are experiencing.	<p>A. Inflation</p> <p>B. A supply shocks</p> <p>C. Crowding out</p> <p>D. Inflation illusion</p>
16	In the neoclassical theory of growth a higher saving rate leads to.	<p>A. A higher growth rate</p> <p>B. A fluctuating growth rate</p> <p>C. A lower growth rate</p> <p>D. No change in the growth rate</p>
17	A production technique is technically efficient if.	<p>A. Output is maximized</p> <p>B. Input are minimized</p> <p>C. there is no way to make a given output using less of one input and no more of the other inputs.</p> <p>D. costs are minimized</p>
18	When we refer to the hidden economy we mean unrecorded income owing to.	<p>A. Tax evasion</p> <p>B. Poor statistics</p> <p>C. The lags between statistical collection and publication .</p> <p>D. Smuggling</p>
19	Real GNP is a crude measure of national welfare because it excludes.	<p>A. Consumption</p> <p>B. Investment</p> <p>C. Export's</p> <p>D. work in the home</p>
20	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.	<p>A. Decreasing returns to scale</p> <p>B. The law of diminishing returns</p> <p>C. Constant returns to scale</p> <p>D. an inefficient production technique</p>