

PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	"Reducing inflation is a more important objective than economic growth" is an example of.	A. Normative economics B. Positive economics C. Objective economics D. Reality economics
2	Which of the following rights be a scarce good.	A. Love B. faith C. Self control D. All of above
3	A recurring theme in economics is.	A. People have unlimited wants in the face of limited resources B. There are unlimited resources C. Our country is rich, we just don't realize it D. People have limited wants in the face of limited resource.
4	As the MPS increases, the multiplier will	A. Increase B. Either increase or decrease depending on the size of the change in investment C. Remain constant D. Decrease
5	Which does the government not control directly.	A. Spending on health B. spending on defense C. Firm's investment decisions D. spending on education
6	Economic theory assumes that people	A. Act in greedy and selfish ways, without regard for the welfare of others. B. Act without regard for their own interests. C. Are not motivated by self interest D. Are motivated by self interest but still might be concerned for the welfare of others.
7	Resources in an economy	A. Are always fixed B. Can never decrease C. Always increase over time D. Are limited at any moment in time
8	Developing economies usually	A. Have large industrialized sectors B. Are dependent on primary products C. Have high levels of wealth D. Earn more from exports than is spent on imports
9	Globalization is likely to increase with	A. More protectionism B. An increase in tariffs C. More trade within countries D. Greater trade flows between countries
10	Finding a partner to work with abroad is called a.	A. Takeover B. Merger C. Acquisition D. Joint venture
11	An injection of funds into a less developed country might set off the	A. Multiplier B. Marginal propensity to save C. Average propensity to consume D. The Laffer effect
12	In a Boom	A. Surpluses are likely to occur B. Prices are likely to fall C. supply will increase immediately to match demand D. Shortages may occur
		A. Act as a signal

13	The price mechanism cannot.	B. Act as an incentive C. Act as a rationing device D. Shift the demand curve
14	A study of how increase in the minimum wage rate will effect the national unemployment rate is an example of.	A. Descriptive economics B. Normative economics C. Macro economics D. Micro economics
15	Demand for primary products is likely to be	A. Very sensitive to price B. Price elastic C. Unit elastic D. Income inelastic
16	A mixed economy	A. Has supply but not demand B. Has demand but not supply C. Has supply and demant D. Has market forces and government intervention
17	When internal economics of scale occur	A. Total costs fall B. Marginal costs increase C. Average costs fall D. Revenue falls
18	An outward shift in the marginal efficacy of capital should.	A. Decrease consumption B. Increase aggregate demand C. Reduce aggregate supply D. Slow economic growth
19	An increase in consumption at any given level of income is likely to lead to.	A. a fall in savings B. An increase in exports C. A fall in taxation revenue D. A decrease in import spending
20	The marginal propensity to consume is equal to.	A. Total spending /total consumption B. total consumption/total income C. Change in consumption/change in income D. Change in consumption/change in savings