

PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	Which of the following is not a macro economic issue.	A. Unempolyment B. Inflaction C. The wages paid to footballers D. Economic growth
2	Friend man's theory of consumption focuses on	A. Past income B. Current income C. Disposable income D. Permanent income
3	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
4	A model of game theory of oligopoly is known as the	A. Prisoner's dilemma B. Monopoly cell C. Jailhouse sentence D. Jury box
5	If a maximum price is set below equilibrium there will be.	A. A price fall B. A price increase C. Excess supply D. Excess demand
6	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
7	In marketing "USP " Stand for	A. Unique selling proposition B. Underlying sales pitch C. Unit sales point D. Under sales procedure
8	In order to maximize profits a monopoly company will produce that quantity at which the.	A. Marginal revenue equals average total cost B. Price equals marginal revenue C. Marginal revenue equals marginal cost D. total revenue equals total cost
9	Firms in perfect competition face a	A. Perfectly elastic demand curve B. Perfectly inelastic demand curve C. Perfectly elastic supply curve D. Perfectly inelastic supply curve
10	In pure monopoly what is the relation between the price and teh marginal revenue.	A. The price is greater than the marginal revenue B. The price is les than the marginal revenue C. There is no relation D. They are equal
11	The effects of inflation on the price competitiveness of a country's products may be offset by	A. An appreciation of the currency B. A revaluation of the currency C. A depreciation of the currency D. Lower inflation abroad
12	Why does it make sense in assume that people are rational, if you want to predict their behavior.	A. People are not guided by emotions when making decisions B. People wheo act in the way that best gets them what they want will tend to repeat that behavior, and will tend to learn from mistakes that they do make C. People never make mistakes, and tend to make the correct choices all of the time D. People always logically figure out what to do.
		A An idle halance

A. An idle balance

Prices that do not a quantity demanded 15 An increase in nati		A. Market prices B. Sticky prices C. Fixed prices D. Regulatory prices A. Likely to increase exports B. Likely to decrease savings
15 An increase in nati	onal income is.	
		C. Likely to decrease investment D. Likely to increase spending on imports
16 An independent as	sessment of the impact of firm's activities on society is called a.	A. Financial auditB. Balance sheetC. Profit and uses accountD. Social audit
17 Economics is the s	tudy of.	A. All business, including how they operate why the exist and how they afect B. Decisions that people must make because goods and services are limited. C. How to save money, spend money invest savings, and balance a checkbook D. The stock market the bond market and investment strategies E. Big business and its impact on our live
18 If injection are less	than with drawls at the full employment level of national income there is.	A. an inflationary gapB. EquilibriumC. A deflationary gapD. Hyperinflation
19 An increase in the	costs of production will	A. Shift demand out wards B. Shift demand in wards C. Shift supply out wards so more is supplied at each and every price all other things unchanged. D. Shift supply inwards
20 In the short term a	firm will produce provided the revenue	A. Covers fixed costs B. Covers variable costs C. Covers total costs D. Covers revenue