

PPSC Economics Chapter 1 Basic Economics

Sr	Questions	Answers Choice
1	Aggregate demand will increase if	A. Consumption falls B. Investment falls C. Exports fall D. imports fall
2	When an economy first begins to grow more slowly.	A. GDP increase B. Inflation is likely to increase C. Stock levels are likely to increase D. Investment in equipment is likely to increase
3	To anticipate what the economy is going to do next the government will look at.	A. Lagging indicators B. Flashing indicators C. Coincidental indicators D. Leading indicators
4	The socially optimal rate of growth is	A. Zero B. Negative C. Where the marginal social benefit the marginal social cost D. total social costs are minimized
5	Economics growth can be seen by an outward shift of.	A. The production possibility frontier B. The gross domestic barrier C. The marginal consumption frontier D. The Minimum Efficient scale
6	Labour productivity measures.	A. The output per worker B. The output per machine C. Total output D. Marginal output
7	If labour productivity per week is 200 units and there are 5 employees what is the total output.	A. 40 units B. 195 units C. 1000 units D. 200 units
8	In a recession, GDP.	A. Grows negatively B. Grows by 0% C. Grows slowly D. Grows rapidly
9	Economic growth can be measured by	A. The CPI B. The CBI C. GDP D. MPC
10	A higher GDP per capita may not mean that the quality of life has really improved because.	A. It measures wealth not income B. It measures Gross Domestic product C. It does not measure the quality of the items produced D. it is only measured every five years
11	In a recession a government.	A. Is likely to want to increase demand in the economy B. Is likely to want to decrease demand in the economy C. Is likely to want to stabilize demand in the economy D. Is likely to want to increase supply in the economy
12	To adjust from gross National Product to Net National Product	A. Deduct depreciation B. Deduct indirect taxes C. Deduct subsidies D. Add inflation
13	To adjust GDP from market prices to factor cost.	A. Add indirect taxes B. Subtract subsidies C. Deduct indirect taxes and subsidies D. Deduct indirect taxes and add subsidies

14	GDP plus net property income from abroad equals what.	A. GNP B. NNP C. Depreciation D. Real GDP
15	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
16	In a recession	A. Unemployment is likely to be low B. prices are likely to increase C. Growth is negative D. Growth is slow
17	The standard of living is often measured by	A. Real GDP per capita B. Real GDP C. Real GDP * Population D. Real GDP Plus depreciation
18	Gross National product equals	A. Net National Product adjusted for inflation B. Gross domestic product adjusted for inflation C. Gross Domestic product plus net property income from abroad D. Net National product plus net property income from abroad
19	Which of the following is an injection into the economy.	A. Investment B. Saving C. Taxation D. Import spending
20	A reflationary policy	A. Increases aggregate supply B. Increases aggregate demand C. Decreases the price level D. Increase full employment