

PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	If the price was fixed below the equilibrium price there would be.	A. Excess supply B. Excess demand C. Equilibrium D. Down ward pressure on prices
2	A demand switching policy could be.	A. Higher interest rates B. Higher income tax C. Traiffs D. Reduced government spending
3	In a market system sellers act in ___ interest, but this leads to behaviors in ___ interest.	A. Self : self B. Self ; society's C. Society's ; society's D. society's, self
4	To adjust from gross National Product to Net National Product	A. Deduct depreciation B. Deduct indirect taxes C. Deduct subsidies D. Add inflation
5	Which of the following is not one of the four Ps in marketing.	A. Product B. Price C. Place D. Presence
6	Companies in the private sector are owned by	A. The government B. Shareholders C. Employees D. The community
7	Demand pull inflation may be caused by	A. An increase in costs B. A reduction in interest rate C. A reduction in government spending D. An outward shift in aggregate supply
8	In perfect competation.	A. The price equals the marginal revenue B. The price equals the average variable cost C. The fixed cost equals the variable costs D. The price equals the total costs
9	Say's law states that	A. Supply creates its own demand B. Demand creates its own supply C. There is no such things as a free lunch D. Macro economics policy activism is essential to ensure full employment.
10	Human wants are	A. Always fixed B. Limited C. Unlimited D. Likely to decrease over time
11	Globalization is made more difficult by	A. The actions of the World Trade Organization B. The removal of protectionist measures C. Exchange rate instability D. More free trade agreements
12	Lower interest rates are likely to.	A. Decrease consumption B. Increase cost of borrowing C. Encourage saving D. Increase spending
13	When internal economics of scale occur	A. Total costs fall B. Marginal costs increase C. Average costs fall D. Revenue falls
		A. Individuals must always pay money

14	What does the phrases "there is no such thing as a free lunch'mean"	<p>for the food the eat. B. No restaurant wner will provide food to patrons unless they pay her C. Restaurant owners act selfishly D. Consumption of any good requires that other goods be given up</p>
15	An increase in consumption at any given level of income is likely to lead to.	<p>A. a fall in savings B. An increase in exports C. A fall in taxation revenue D. A decrease in import spending</p>
16	In order to maximize profits a monopoly company will produce that quantity at which the.	<p>A. Marginal revenue equals average total cost B. Price equals marginal revenue C. Marginal revenue equals marginal cost D. total revenue equals total cost</p>
17	If demand increase in a market this will usually lead to.	<p>A. A higher equilibrium price and output B. a lower equilibrium price and higher output C. A lower equilibrium price and output. D. A higher equilibrium price and lower output</p>
18	Which of the following is not an obvious or direct determinant of a country's imports.	<p>A. Real exchange rate B. Income C. Tariff rates D. Interest rate</p>
19	The law of demand states that.	<p>A. As the quantity demanded rises, the price rises. B. As the price rises the quantity demanded rises C. As the price rises, the quantity demanded falls. D. As supply rises, the demand rises.</p>
20	Economics growth can be seen by an outward shift of.	<p>A. The production possibility frontier B. The gross domestic barrier C. The marginal consumption frontier D. The Minimum Efficient scale</p>