

## PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	Total revenue equals	A. Price Plus quantity B. Price multiplied by quantity sold C. Price divided by the quantity sold D. Price minus quantity sold
2	Laboratory experiments cannot be performed in economics because.	A. Of resource scarcity B. Economics is a natural science C. Of the difficulty of distinguishing between normative and positive statements. D. Economics is a social science
3	Which of the following rights be a scarce good.	A. Love B. faith C. Self control D. All of above
4	Menu costs in relation to inflation refer to	A. Costs of finding better rates of return B. Costs of altering price lists C. Costs of money increasing its value D. Costs of revaluing the currency
5	The bowed shape of the production possibilities curve illustrates.	A. The law of increasing marginal cost B. the production is inefficient C. That production is inattainable D. The demand is relatively inelastic
6	A shift in supply will have a bigger effect on price than output if demand is.	A. Income elastic B. Income inelastic C. Price elastic D. Price inelastic
7	Compared to the case of perfect competition, a monopolist is more likely to	A. Charge a higher price B. Produce a lower quantity of the product C. Make a greater amount of economic profit D. All of the above
8	The best describes consumer surplus.	A. The price consumers are willing to pay for a unit B. The cost of providing a unit. C. The profits made by a firm D. The difference the price a consumer pays for an item and the price he is willing to pay.
9	If injection are less than withdrawals at the full employment level of national income there is.	A. an inflationary gap B. Equilibrium C. A deflationary gap D. Hyperinflation
10	Which does the government not control directly.	A. Spending on health B. spending on defense C. Firm's investment decisions D. spending on education
11	For perfectly competitive firm	A. Price equals marginal revenue B. Price is greater than marginal revenue C. Price equal total revenue D. Price equals total cost
12	If input price adjusted very slowly to output prices, the Phillip's curve would be.	A. Downward sloping B. Vertical or nearly vertical C. Upward sloping D. Horizontal or nearly horizontal
13	If one car company takes over another car company this is an example of which type of integration.	A. Vertical B. Horizontal C. Conglomerate D. Literal

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14	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
15	A reflationalary policy	A. Increases aggregate supply B. Increases aggregate demand C. Decreases the price level D. Increase full employment
16	To prevent the external value of the currency from failing the government might	A. Reduce interest rates B. Sell its own currency C. Buy its own currency with foreign reserves D. Increase its own spending
17	When supply increases in an agricultural market famer's earnings might fall because.	A. Supply is price elastic B. Demand is price inelastic C. the government buys up all the excess production D. All output must be sold at a maximum price
18	Economic growth can be measured by	A. The CPI B. The CBI C. GDP D. MPC
19	Horizontal integration may lead to internal economies of scale. Which of the following is not a type of internal economy of scale.	A. Purchasing B. Technical C. Financial D. Safety
20	In a free market the combination of products produced will be determined by.	A. Market forces of supply and demand B. The government C. The law D. The public sector

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