

PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	If the "Regulated -market" price is below the equilibrium price.	<p>A. The quantity demanded will be greater than quantity supplied</p> <p>B. Demand will be less than supply</p> <p>C. Quantity demanded will be less than quantity supplied</p> <p>D. Quantity demanded will equal quantity supplied</p>
2	Which of the following would increase aggregate demand.	<p>A. Increasing saving</p> <p>B. Increasing import spending</p> <p>C. Increasing taxation revenue</p> <p>D. increased investment</p>
3	To maximize sales revenue a firm should produce where	<p>A. Marginal cost is zero</p> <p>B. Marginal revenue is maximized</p> <p>C. Marginal revenue is zero</p> <p>D. Marginal revenue equals marginal cost</p>
4	Say's law states that	<p>A. Supply creates its own demand</p> <p>B. Demand creates its own supply</p> <p>C. There is no such things as a free lunch</p> <p>D. Macro economics policy activism is essential to ensure full employment.</p>
5	In a free market the combination of products produced will be determined by.	<p>A. Market forces of supply and demand</p> <p>B. The government</p> <p>C. The law</p> <p>D. The public sector</p>
6	Demand for primary products is likely to be	<p>A. Very sensitive to price</p> <p>B. Price elastic</p> <p>C. Unit elastic</p> <p>D. Income inelastic</p>
7	Scarcity means that	<p>A. We cannot have everything that we might want</p> <p>B. We have to make choices between the things we desire.</p> <p>C. There are costs to just about any activity we undertake</p> <p>D. We must give up some thing in order to obtain other things.</p> <p>E. All of the above are correct</p>
8	If input price adjusted very slowly to output prices, the Phillip's curve would be.	<p>A. Downward sloping</p> <p>B. Vertical or nearly vertical</p> <p>C. Upward sloping</p> <p>D. Horizontal or nearly horizontal</p>
9	In perfect competition.	<p>A. the products firm offer are very similar</p> <p>B. Products are heavily differentiated</p> <p>C. A few firms dominate the market</p> <p>D. Consumers have limited information</p>
10	When referring to economic growth we normally refer to.	<p>A. Growth in actual real per capita output</p> <p>B. Growth in potential real per capita output</p> <p>C. Growth in actual nominal per capita output</p> <p>D. Growth in potential real per capita output</p>
11	If the price was fixed below the equilibrium price there would be.	<p>A. Excess supply</p> <p>B. Excess demand</p> <p>C. Equilibrium</p> <p>D. Down ward pressure on prices</p>
		<p>A. Act as a signal</p>

12	The price mechanism cannot.	<ul style="list-style-type: none"> B. Act as an incentive C. Act as a rationing device D. Shift the demand curve
13	In monopolistic competition firms profit maximize where	<ul style="list-style-type: none"> A. Marginal revenue = average revenue B. Marginal revenue= Marginal cost C. Marginal revenue= Average cost D. Marginal revenue = Total cost
14	A demand switching policy could be.	<ul style="list-style-type: none"> A. Higher interest rates B. Higher income tax C. Traiffs D. Reduced government spending
15	Economics is the study of.	<ul style="list-style-type: none"> A. All business, including how they operate why they exist and how they affect 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
16	Barriers to entry do not include	<ul style="list-style-type: none"> A. Patents B. Internal economics of scale C. Mobility of resources D. High investment costs
17	In the long term a firm will produce provident the revenue covers.	<ul style="list-style-type: none"> A. Fixed costs B. Variable cost C. Total costs D. Revenue
18	The law of demand states that.	<ul style="list-style-type: none"> 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.
19	Which of the following rights be a scarce good.	<ul style="list-style-type: none"> A. Love B. faith C. Self control D. All of above
20	If inflationary expectations increase, the short run Phillip's curve will	<ul style="list-style-type: none"> A. Become vertical B. Become up warding sloping C. Shift to the right D. Shift to the left